

Financial Statements

April 30, 2020

TRENT UNIVERSITY
Financial Statements
April 30, 2020

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TRENT UNIVERSITY
Statement of Administrative Responsibility
Year Ended April 30, 2020

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, 2020 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, 2020 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.



Kent Stringham
Vice-President, Finance and Administration

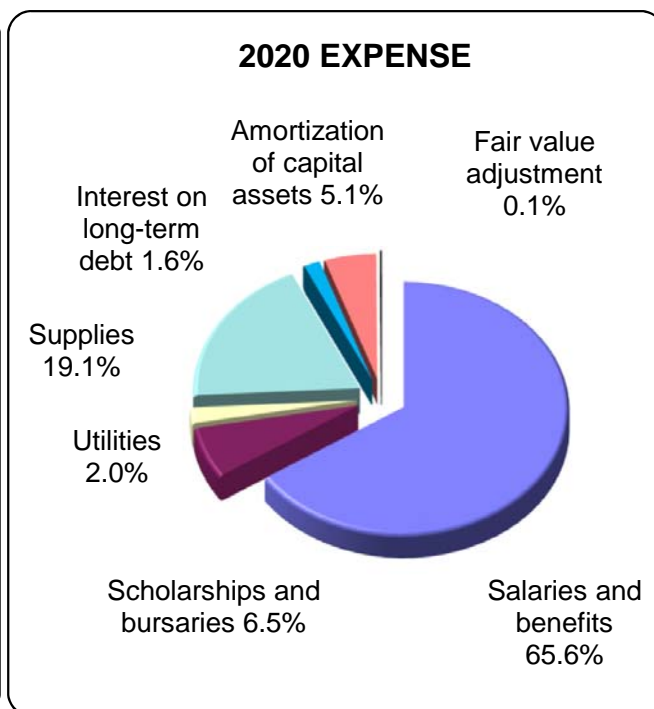
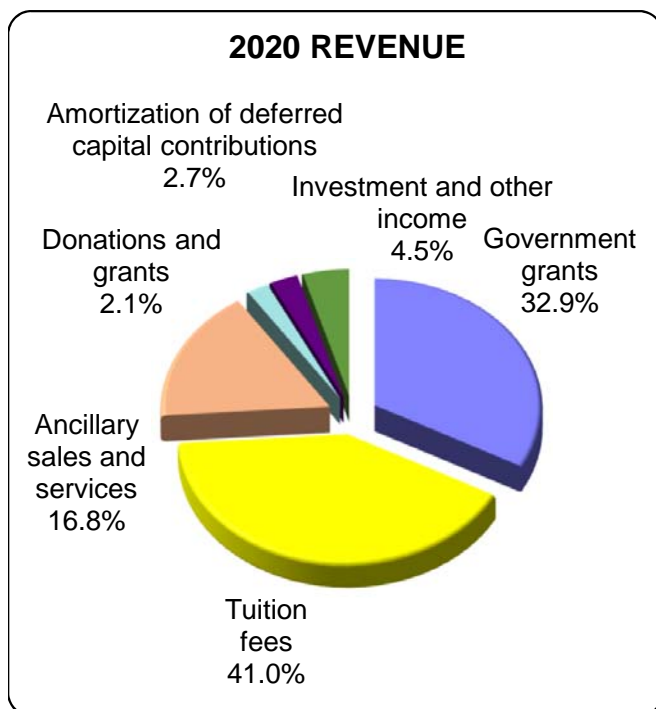


Leo Groarke, PhD
President and Vice-Chancellor

October 9, 2020

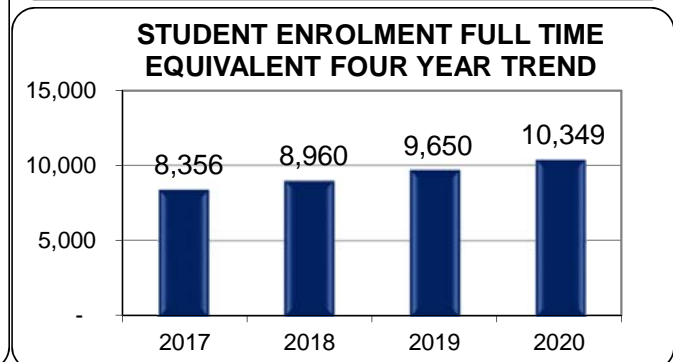
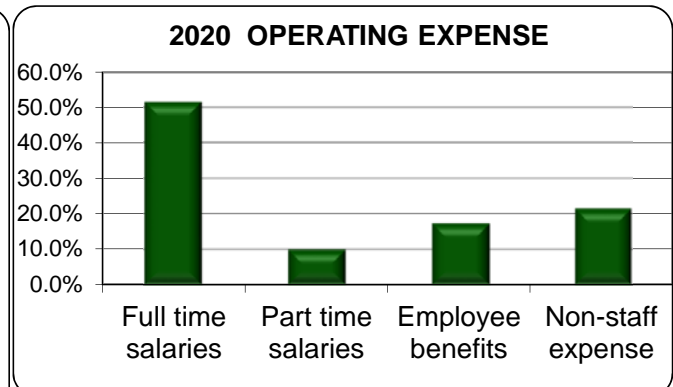
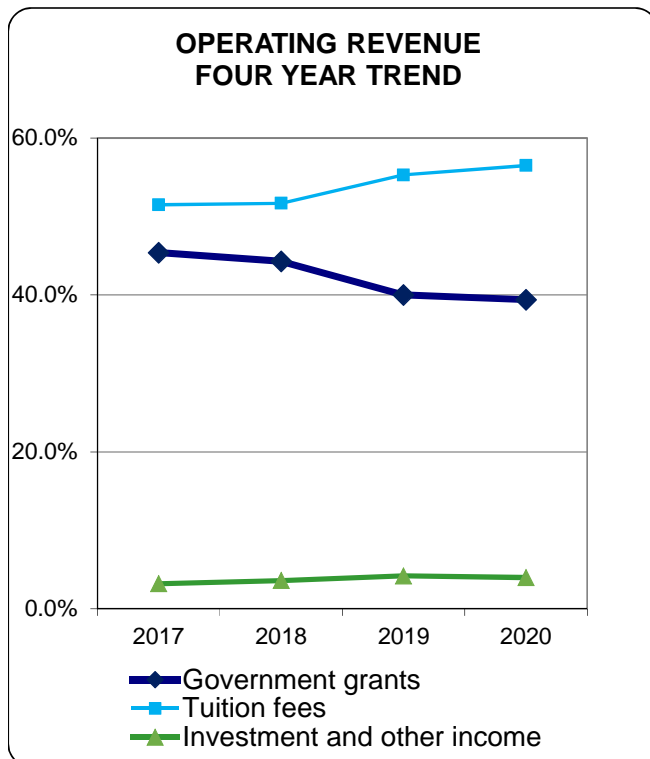
TRENT UNIVERSITY
Summary of Revenue and Expense - All Funds
Year Ended April 30, 2020
(millions of dollars)

2020	2019	2018	2017		2020	2019	2018	2017
\$65.1	\$66.2	\$68.4	\$65.3	Government grants	32.9%	33.7%	37.2%	38.8%
81.2	79.0	69.8	63.4	Tuition fees	41.0%	40.2%	37.9%	37.6%
33.2	32.9	29.6	25.8	Ancillary sales and services	16.8%	16.7%	16.1%	15.3%
4.2	3.6	3.9	2.9	Donations and grants	2.1%	1.8%	2.1%	1.7%
5.4	4.7	4.9	4.5	Amortization of deferred capital contributions	2.7%	2.4%	2.7%	2.7%
9.0	10.1	7.4	6.6	Investment and other income	4.5%	5.2%	4.0%	3.9%
\$198.1	\$196.5	\$184.0	\$168.5		100.0%	100.0%	100.0%	100.0%
\$124.0	\$117.3	\$109.0	\$106.8	Salaries and benefits	65.6%	64.2%	64.2%	63.4%
12.4	11.9	12.7	11.2	Scholarships and bursaries	6.5%	6.5%	7.5%	6.7%
3.9	3.5	3.8	3.2	Utilities	2.0%	1.9%	2.2%	1.9%
36.0	38.0	31.5	35.4	Supplies	19.1%	20.8%	18.5%	21.0%
2.9	2.8	2.6	2.4	Interest on long-term debt	1.6%	1.5%	1.6%	1.4%
9.6	9.4	9.9	9.5	Amortization of capital assets	5.1%	5.2%	5.9%	5.6%
0.2	(0.2)	0.1	0.0	Fair value adjustment	0.1%	(0.1%)	0.1%	0.0%
\$189.0	\$182.7	\$169.6	\$168.5		100.0%	100.0%	100.0%	100.0%



TRENT UNIVERSITY
Summary of Operating Fund
Year Ended April 30, 2020
(millions of dollars)

2020	2019	2018	2017		2020	2019	2018	2017
\$56.6	\$57.1	\$59.8	\$56.0	Government grants	39.4%	40.0%	44.3%	45.4%
81.2	79.0	69.7	63.4	Tuition fees	56.5%	55.3%	51.7%	51.5%
0.2	0.7	0.6	(0.1)	Donations and grants	0.1%	0.5%	0.4%	(0.1)%
5.7	6.0	4.8	3.9	Investment and other income	4.0%	4.2%	3.6%	3.2%
\$143.7	\$142.8	\$134.9	\$123.2		100.0%	100.0%	100.0%	100.0%
\$113.9	\$107.1	\$98.7	\$95.1	Salaries and benefits	79.4%	74.2%	72.3%	76.3%
9.7	8.8	9.6	8.5	Scholarships and bursaries	6.8%	6.1%	7.0%	6.8%
2.9	2.4	2.7	1.9	Utilities	2.0%	1.7%	2.0%	1.5%
8.4	9.7	8.3	15.2	Supplies	5.9%	6.7%	6.1%	12.2%
2.0	1.9	1.7	1.8	Interest on long-term debt	1.4%	1.3%	1.3%	1.4%
3.6	4.2	8.5	1.7	Appropriated earnings	2.5%	2.9%	6.2%	1.4%
2.2	6.9	1.3	0.5	Interfund transfers	1.5%	4.8%	1.0%	0.4%
0.7	3.3	5.6	-	Transfer to endowments	0.5%	2.3%	4.1%	0.0%
143.4	144.3	136.4	124.7		100.0%	100.0%	100.0%	100.0%
\$0.3	(\$1.5)	(\$1.5)	(\$1.5)	Excess (deficit) from operations				
(0.1)	0.1	(0.1)	0.1	Fair value adjustment				
5.8	4.9	3.8	1.6	Pension actuarial adjustment				
\$6.0	\$3.5	\$2.2	\$0.2					





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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Trent University

Opinion

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

- the statement of financial position as at April 30, 2020
- 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, 2020, 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.

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.



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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.



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- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

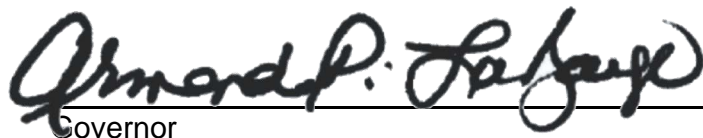
October 9, 2020

TRENT UNIVERSITY
Statement of Financial Position
April 30, 2020
(thousands of dollars)

	<u>2020</u>	<u>2019</u> (restated note 18(g))
ASSETS		
Current		
Cash and cash equivalents	\$ 53,583	\$ 47,411
Accounts receivable (note 3)	14,948	13,593
Prepaid expenses and inventories	1,590	1,568
	<u>70,121</u>	<u>62,572</u>
Investments (note 4)	77,342	73,540
Capital assets (note 5)	<u>226,602</u>	<u>232,565</u>
	<u>\$ 374,065</u>	<u>\$ 368,677</u>
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 20,607	\$ 20,028
Deferred revenue (note 7)	32,864	27,682
	<u>53,471</u>	<u>47,710</u>
Long term debt (note 8)	71,000	71,000
Deferred capital contributions (note 9)	102,153	105,585
Employee future benefits liability (note 10)	88,380	79,546
	<u>315,004</u>	<u>303,841</u>
Net Assets		
Unrestricted	(105,042)	(99,336)
Internally restricted (note 11)	33,661	29,246
Investment in capital assets (note 12)	57,965	62,312
Endowments (note 13)	72,477	72,614
	<u>59,061</u>	<u>64,836</u>
Contingent liabilities and commitments (note 16)	<u>\$ 374,065</u>	<u>\$ 368,677</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, 2020
(thousands of dollars)

	2020				
	Unrestricted	Internally Restricted	Investment in Capital Assets	Endowments	Total
Net assets (deficit), beginning of year	(99,336)	29,246	62,312	72,614	64,836
Change in accounting policy (note 18(c))	-	-	(1,495)	-	(1,495)
Adjusted net assets (deficit), beginning of year	(99,336)	29,246	60,817	72,614	63,341
Excess of revenue over expense	9,108	-	-	-	9,108
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)	(14,731)	-	-	-	(14,731)
Internally endowed amounts	(370)	-	-	370	-
Change in endowments	-	-	-	(507)	(507)
Net assets (deficit), end of year	\$ (105,042)	\$ 33,661	\$ 57,965	\$ 72,477	\$ 59,061

	2019				
	Unrestricted	Internally Restricted	Investment in Capital Assets	Endowments	Total
Net assets (deficit), beginning of year	(98,855)	24,498	62,434	64,614	52,691
Excess of revenue over expense	13,823	-	-	-	13,823
Change in internally restricted net assets	(4,748)	4,748	-	-	-
Change in investment in capital assets (note 12)	122	-	(122)	-	-
Employee future benefits remeasurements (note 10)	(5,980)	-	-	-	(5,980)
Internally endowed amounts	(3,698)	-	-	3,698	-
Change in endowments	-	-	-	4,302	4,302
Net assets (deficit), end of year	\$ (99,336)	\$ 29,246	\$ 62,312	\$ 72,614	\$ 64,836

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

TRENT UNIVERSITY
Statement of Operations
Year Ended April 30, 2020
(thousands of dollars)

	<u>2020</u>	<u>2019</u>
REVENUE		
Government grants	\$ 65,094	\$ 66,173
Tuition fees	81,202	79,003
Ancillary sales and services	33,245	32,893
Donations and grants	4,200	3,603
Amortization of deferred capital contributions (note 9)	5,419	4,722
Investment income	2,892	4,366
Miscellaneous	6,058	5,733
	<u>198,110</u>	<u>196,493</u>
EXPENSE		
Salaries and benefits	123,999	117,306
Scholarships and bursaries	12,369	11,919
Utilities	3,939	3,503
Supplies	35,941	38,008
Interest on long-term debt	2,939	2,760
Amortization of capital assets	9,614	9,391
Change in fair value of financial instruments	201	(217)
	<u>189,002</u>	<u>182,670</u>
EXCESS OF REVENUE OVER EXPENSE	9,108	13,823
Change in internally restricted net assets	(4,415)	(4,748)
Change in investment in capital assets	4,702	122
Employee future benefits remeasurements (note 10)	(14,731)	(5,980)
Internally endowed amounts	(370)	(3,698)
	<u>(5,706)</u>	<u>(481)</u>
DECREASE IN FUND BALANCE FOR THE YEAR	(5,706)	(481)
FUND BALANCE - beginning of year	<u>(99,336)</u>	<u>(98,855)</u>
FUND BALANCE - end of year	<u>\$ (105,042)</u>	<u>\$ (99,336)</u>

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

TRENT UNIVERSITY
Statement of Cash Flows
Year Ended April 30, 2020
(thousands of dollars)

	<u>2020</u>	<u>2019</u>
CASH PROVIDED FROM (USED FOR):		
OPERATING ACTIVITIES		
Excess of revenue over expense for the year	\$ 9,108	\$ 13,823
Add (deduct) non-cash items:		
Amortization of capital assets	9,614	9,391
Amortization of deferred capital contributions (note 9)	(5,419)	(4,722)
Loss on disposal of capital assets	1,762	-
Change in fair value of financial instruments	3,342	(2,493)
Change in employee future benefits liability	8,834	558
Employee future benefits remeasurements (note 10)	(14,731)	(5,980)
	<u>12,511</u>	<u>10,577</u>
Change in non-cash working capital items (note 15)	4,384	2,523
	<u>16,895</u>	<u>13,100</u>
INVESTMENT ACTIVITIES		
Change in endowments	(507)	4,302
Purchase of long term investments, net of disposals	(7,145)	(8,724)
Purchase of capital assets	(6,975)	(10,812)
	<u>(14,627)</u>	<u>(15,234)</u>
FINANCING ACTIVITIES		
Donated assets (note 16(g))	1,850	-
Repayment of long term debt	-	(29)
Deferred capital contributions received (note 9)	2,054	4,691
	<u>3,904</u>	<u>4,662</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS FOR THE YEAR	6,172	2,528
CASH POSITION - beginning of year	<u>47,411</u>	<u>44,883</u>
CASH POSITION - end of year	<u>\$ 53,583</u>	<u>\$ 47,411</u>

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

TRENT UNIVERSITY
Notes to the Financial Statements
April 30, 2020
(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, 2020
(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
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, 2020
(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, 2020
(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.

TRENT UNIVERSITY
Notes to the Financial Statements
April 30, 2020
(Tabular amounts in thousands of dollars)

3. ACCOUNTS RECEIVABLE

	2020	2019
Student receivables	\$ 5,377	\$ 5,218
Government receivables	4,755	4,994
Research receivables	2,260	2,073
Other receivables	4,728	3,058
	<u>17,120</u>	<u>15,343</u>
Less allowance for doubtful accounts	<u>(2,172)</u>	<u>(1,750)</u>
	<u>\$ 14,948</u>	<u>\$ 13,593</u>

4. INVESTMENTS

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Cash equivalents	\$ 2,066	\$ 2,093	\$ 2,038	\$ 2,072
Bonds	27,933	26,657	26,435	26,383
Equities	47,343	41,197	45,067	34,349
	<u>\$ 77,342</u>	<u>\$ 69,947</u>	<u>\$ 73,540</u>	<u>\$ 62,804</u>

Investments, at fair value, are allocated as follows:

	2020 Fair Value	2019 Fair Value
Endowment funds	\$ 72,846	\$ 69,493
Endowment lands funds	3,014	3,017
Sinking funds related to long term debt	1,482	1,030
	<u>\$ 77,342</u>	<u>\$ 73,540</u>

5. CAPITAL ASSETS

	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>

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5. CAPITAL ASSETS (continued)

	Cost	2019 Accumulated Amortization	Net Book Value
Land and site improvements	\$ 31,755	\$ -	\$ 31,755
Buildings and components	290,062	108,566	181,496
Equipment, vehicles, furnishings and software	65,787	53,196	12,591
Library books and serials	23,989	23,959	30
Collections	1,810	-	1,810
Work in progress	4,883	-	4,883
	<u>\$ 418,286</u>	<u>\$ 185,721</u>	<u>\$ 232,565</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 \$2,536,682 (2019 - \$2,586,714).

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:

	2020	2019
Externally restricted donations	\$ 1,691	\$ 2,018
Trust funds	9,039	8,150
Research funds	9,130	7,254
Student fees	6,581	6,096
Federal and Provincial government grants	106	282
Other	6,317	3,882
	<u>\$ 32,864</u>	<u>\$ 27,682</u>

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8. LONG TERM DEBT

(a) Long term debt

	2020	2019
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, 2020, the fair value of the sinking fund is \$1,481,519 (2019 - \$1,030,359).

(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, 2020 (2019 - \$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.

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:

	2020	2019
Balance, beginning of year	\$ 105,585	\$ 105,616
Change in accounting policy (note 18c)	(67)	-
Adjusted balance, beginning of year	\$ 105,518	\$ 105,616
Contributions received for capital acquisitions	2,054	4,691
Amortization of deferred capital contributions	(5,419)	(4,722)
Balance, end of year	\$ 102,153	\$ 105,585

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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:

	2020	2019
Discount rate	5.70%	5.60%
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:

	2020			
	Faculty Pension Plan	Non-Faculty Pension Plans	Other Plans	Total
Accrued benefit obligation	\$ 285,417	\$ 159,124	\$ 6,725	\$ 451,266
Fair value of plan assets	(217,579)	(142,350)	(2,957)	(362,886)
Accrued benefit liability	\$ 67,838	\$ 16,774	\$ 3,768	\$ 88,380
Current service costs	\$ 4,788	\$ 3,332	\$ 57	\$ 8,177
Finance costs	3,190	582	194	3,966
Net benefit cost	\$ 7,978	\$ 3,914	\$ 251	\$ 12,143
Investment losses	\$ (11,798)	\$ (7,657)	\$ (148)	\$ (19,603)
Actuarial gain on accrued benefit obligation	3,115	1,748	54	4,917
Past service costs	-	-	(45)	(45)
Net remeasurements losses and other items	\$ (8,683)	\$ (5,909)	\$ (139)	\$ (14,731)

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10. EMPLOYEE FUTURE BENEFITS LIABILITY (continued)

	2019			
	Faculty Pension Plan	Non-Faculty Pension Plans	Other Plans	Total
Accrued benefit obligation	\$ 278,930	\$ 153,487	\$ 6,838	\$ 439,255
Fair value of plan assets	(216,582)	(139,881)	(3,246)	(359,709)
Accrued benefit liability	\$ 62,348	\$ 13,606	\$ 3,592	\$ 79,546
Current service costs	\$ 4,540	\$ 3,088	\$ 42	\$ 7,670
Finance costs	2,906	656	174	3,736
Net benefit cost	\$ 7,446	\$ 3,744	\$ 216	\$ 11,406
Investment gains	\$ 5,710	\$ 3,701	\$ 54	\$ 9,465
Actuarial loss on accrued benefit obligation	(10,847)	(4,183)	(385)	(15,415)
Past service costs	-	-	(30)	(30)
Net remeasurements losses and other items	\$ (5,137)	\$ (482)	\$ (361)	\$ (5,980)

The latest actuarial valuations for the registered pension plans were performed as of June 30, 2019 for the Faculty plan and July 1, 2017 for the Non-Faculty plan. The next required actuarial valuations will be June 30, 2020 and July 1, 2020 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. During the 2015 fiscal year, the University applied and qualified for stage two of the public sector pension plan temporary solvency funding relief program. Under this program, the University made an election to fund the interest payments only on the solvency deficiency for three years, and make special payments to fund the remaining solvency deficiency over seven years thereafter. On October 31, 2016, the government further amended the regulations for stage two solvency relief for the broader public sector. The new regulations allow for the solvency funding of a modified solvency deficiency over 7 years, with the payment of interest on the balance.

The current solvency special payments are \$1,339,135 for the Faculty plan and \$1,567,453 for the Non-Faculty plan. Solvency relief will expire with the next required actuarial valuations resulting in full special payments towards the solvency deficiency effective twelve months later, or June 30, 2020 and July 1, 2021 respectively. The University has received government approval to use a standby Letter of Credit to cover all or part of these special solvency payments. Effective June 30, 2020, the solvency special payments for the Faculty plan will increase to \$5,599,956, most of which will be covered by a standby Letter of Credit. The University and faculty association are planning to transition to a new jointly sponsored pension plan in the near future (anticipated conversion date is January 1, 2022), which will eliminate the requirement for solvency special payments.

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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:

	2020	2019
Departmental operating budget carryforward funds	\$ 8,579	\$ 10,491
Operating contingencies	-	2,000
Capital and infrastructure projects		
- Durham Campus Development (note 16(g))	5,000	5,000
- Other capital projects	996	1,739
Sinking fund for debenture retirement (note 8(a))	1,500	1,000
Ancillary operations	6,157	5,466
Research and trust funds	1,626	1,468
Other funds committed for specific purposes	9,803	2,082
	<u>\$ 33,661</u>	<u>\$ 29,246</u>

12. INVESTMENT IN CAPITAL ASSETS

	2020	2019
Capital assets (note 5)	\$ 226,602	\$ 232,565
Add: Unspent deferred capital contributions	577	745
Less: Long-term debt pertaining to capital assets	(64,068)	(64,068)
Deferred capital contributions (note 9)	(102,153)	(105,585)
Donated assets (note 16g)	(1,850)	-
Financed internally	(1,143)	(1,345)
	<u>\$ 57,965</u>	<u>\$ 62,312</u>

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13. ENDOWMENTS

Endowment funds are restricted donations received by the University where 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.

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Student assistance	\$ 40,973	\$ 33,154	\$ 41,706	\$ 32,408
General endowment	6,096	4,860	6,088	4,639
Library	2,709	1,885	2,462	1,550
Research	1,699	1,650	1,576	1,470
Colleges, departments, other	21,000	17,754	20,782	16,555
Reinvested realized earnings	-	5,909	-	5,544
	<u>\$ 72,477</u>	<u>\$ 65,212</u>	<u>\$ 72,614</u>	<u>\$ 62,166</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% (2019 - 4.0%) on the average four-year rolling unit value at December 31.

	2020		
	Externally Restricted	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	<u>\$ 61,867</u>	<u>\$ 10,610</u>	<u>\$ 72,477</u>

	2019		
	Externally Restricted	Internally Restricted	Total
Balance, beginning of year, at fair value	\$ 58,072	\$ 6,542	\$ 64,614
Endowment contributions	2,629	3,369	5,998
Investment income, net of fees and expenses	4,055	592	4,647
Transfer to disbursement fund	(2,382)	(263)	(2,645)
Balance, end of year, at fair value	<u>\$ 62,374</u>	<u>\$ 10,240</u>	<u>\$ 72,614</u>

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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:

	2020	2019
Expendable funds available for awards, beginning of year	\$ 479	\$ 519
Net transfers from endowment fund	238	265
Bursaries awarded	(221)	(305)
Expendable funds available for awards, end of year	<u>\$ 496</u>	<u>\$ 479</u>
Total OSOTF, Phase I, end of year	<u>\$ 6,803</u>	<u>\$ 6,738</u>
Number of bursaries awarded	<u>171</u>	<u>130</u>

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

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Endowment balance, beginning of year	\$ 7,061	\$ 6,259	\$ 7,088	\$ 6,203
Unrealized loss for the year	(91)	-	(83)	-
Investment income, net of fees and expenses	285	285	321	321
Net transfer to expendable funds	(237)	(237)	(265)	(265)
Endowment balance, end of year	<u>\$ 7,018</u>	<u>\$ 6,307</u>	<u>\$ 7,061</u>	<u>\$ 6,259</u>

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14. ONTARIO STUDENT TRUST FUND (continued):

Phase II - Ontario Student Opportunity Trust Fund

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

	2020	2019
Expendable funds available for awards, beginning of year	\$ 128	\$ 125
Net transfers from endowment fund	61	66
Bursaries awarded	(33)	(63)
Expendable funds available for awards, end of year	\$ 156	\$ 128
Total OSOTF, Phase II, end of year	\$ 1,645	\$ 1,614
Number of bursaries awarded	35	73

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

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Endowment balance, beginning of year	\$ 1,669	\$ 1,486	\$ 1,682	\$ 1,481
Unrealized loss for the year	(21)	-	(18)	-
Investment income, net of fees and expenses	63	63	71	71
Net transfer to expendable funds	(60)	(60)	(66)	(66)
Endowment balance, end of year	\$ 1,651	\$ 1,489	\$ 1,669	\$ 1,486

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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:

	2020	2019
Expendable funds available for awards, beginning of year	\$ 883	\$ 877
Net transfers from endowment fund	146	154
Bursaries awarded	(141)	(148)
Expendable funds available for awards, end of year	<u>\$ 888</u>	<u>\$ 883</u>
Total OTSS, end of year	<u>\$ 11,848</u>	<u>\$ 11,714</u>
Number of bursaries awarded	<u>315</u>	<u>330</u>

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

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Endowment balance, beginning of year	\$ 11,420	\$ 10,831	\$ 11,257	\$ 10,478
Unrealized gains (loss) for the year	38	-	(190)	-
Investment income, net of fees and expenses	260	260	507	507
Net transfer to expendable funds	(131)	(131)	(154)	(154)
Endowment balance, end of year	<u>\$ 11,587</u>	<u>\$ 10,960</u>	<u>\$ 11,420</u>	<u>\$ 10,831</u>

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15. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

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

	2020	2019
Accounts receivable	\$ (1,355)	\$ 1,666
Prepaid expenses and inventories	(22)	378
Accounts payable and accrued liabilities	579	(295)
Deferred revenue	5,182	774
	\$ 4,384	\$ 2,523

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, 2019, the date of the latest financial statements available, CURIE had a surplus of \$90,185,361 (2018 - \$79,338,231).

(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, 2020, 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.

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16. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(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. The project is nearing completion. Upon completion, lease payments are contingent on annual energy cost savings, which are expected to be in the amount of \$1,549,956 per year. Only those costs associated with this project that fall outside the Tri-Party agreement are capitalized. As at April 30, 2020 the University has incurred capital costs of \$1,730,147 (2019 - \$1,523,594).

(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, 2020 is \$8,995,890 (2019 - \$10,212,173). The lease began in September 2017 once the construction was complete. The lease will be for a period of 30 years, with the option to extend for seven periods of ten years each.

(f) Cleantech Commons and Other Land Development

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 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 future development by the City. The University also agreed to make a \$2,000,000 contribution to the City toward the cost of extending municipal services to the Cleantech Commons, of which \$1,500,000 became payable upon execution of the Development Agreement (and is reflected in these financial statements) and the remaining \$500,000 is due and payable when the installation of the municipal services and road reconstruction are substantially complete, which is expected in 2021. Discussions with the City continue with respect to the future use of the transferred lands.

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16. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(f) Cleantech Commons and Other Land Development (continued)

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.

(g) Durham Campus Development

The Trent Durham Campus Development involves two initiatives: (1) the construction of a new residence and academic building; and (2) the renovation of the original facility.

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 now 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 as rent to occupy the academic space for the initial term of the lease. 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.

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16. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(g) Durham Campus Development (continued)

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. 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.

In December 2019, the University entered into an agreement with a contractor to renovate the original building on the Durham campus. The major component of this renovation is to provide a full service dining facility for the campus that will serve the new multi-storey residence building, as well as the existing students, faculty, staff and visitors attending the campus on a daily basis. The renovations also include modifications to some classrooms, office space and common areas within the original facility. The estimated cost of the renovation project is \$2,409,790. Construction was substantially complete September 2020.

(h) Durham Property Acquisitions

In May 2020, the University signed purchase agreements to acquire four properties adjacent to the Durham campus in Oshawa. The total purchase price of the properties is \$4,550,000 plus commissions and closing costs. The closing date for three of the properties was July 29, 2020. The closing date for the fourth property is on or before November 2, 2020.

(i) Forensics Crime Scene Facility

In December 2019, the University entered into a construction agreement to build a new Forensics Crime Scene facility on its Peterborough Symons campus. This facility will combine the specialized needs for the Forensics program with the best strategies and materials in sustainable building practice. The design includes minimizing embodied carbon by using low-carbon and plant-based building materials, and producing the energy required to power and heat the building through the use of rooftop solar panels. The University will be applying for Zero Carbon Certification through the International Living Future Institute. The estimated cost of construction of the new facility is \$1,795,000 plus taxes and associated fees, which will be partly funded from University appropriations and fundraising. Construction began in May 2020 with the aim to complete the project by Winter 2020/2021.

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16. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

(j) 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:

	2020	2019
2020	\$ -	\$ 2,506
2021	3,292	2,506
2022	3,292	2,506
2023	3,292	2,506
2024	2,446	2,506
2025	2,446	2,506
Thereafter	1,980	1,123
	<u>\$ 16,748</u>	<u>\$ 16,159</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 2020.

(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 2020.

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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 2020.

(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 2020.

18. CHANGE IN ACCOUNTING POLICIES

In March 2018, the Accounting Standards Board issued "*Basis for Conclusions - Accounting Standards Improvements for Not-for-Profit Organizations*" resulting in the introduction of three new handbook sections in the Accounting Standards for Not-for-Profit Part III of the Handbook as follows:

(a) Section 4433, Tangible Capital Assets held by Not-for-Profit Organizations

Section 4433, Tangible Capital Assets Held by Not-for-Profit Organizations directs organizations to apply the accounting guidance of *Section 3061, Property Plant and Equipment* in Part II of the Handbook. In so doing, the new section requires organizations to annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments of tangible assets that existed as at May 1, 2019.

The implementation of this change had no impact on the financial statements. Management assessed there has been no impairment and assets have been componentized (note 5).

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18. CHANGE IN ACCOUNTING POLICIES (continued)

(b) Section 4434, Intangible Assets Held by Not-for-Profit Organizations

Section 4434, Intangible Assets Held by Not-for-Profit Organizations directs organizations to annually assess intangible assets, and where applicable, to record an impairment expense should the net carrying value be higher than the asset's fair value or replacement cost.

This section is applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairment of intangible assets that existed as at May 1, 2019.

The implementation of these changes had no impact on the financial statements.

(c) Section 4441, Collections Held by Not-for-Profit Organizations

Section 4441, Collections Held by Not-for-Profit Organizations defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

Organizations are permitted to retrospectively capitalize collections at their cost or nominal value at the date of acquisition, or fair value or replacement cost as at May 1, 2019, based on the most readily determinable value. In addition, an adjustment to opening net assets is permitted to recognize any partial impairment of the value of collections that existed as at May 1, 2019.

The implementation of this change is summarized as follows:

	As previously stated	Adjustment	As restated
Capital Assets (note 5)	232,565	(1,562)	231,003
Investment in Capital Assets, beginning of the year (note 12)	62,312	(1,495)	60,817
Deferred Capital Contributions (note 9)	105,585	(67)	105,518

The amendments are effective for financial statements for fiscal years beginning on or after January 1, 2019.

TRENT UNIVERSITY
Notes to the Financial Statements
April 30, 2020
(Tabular amounts in thousands of dollars)

19. 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.

As a result 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 summer and fall 2020 semesters were moved to a remote/online format. The University continues to monitor the situation and plan for for the remainder of the 2020/2021 academic year.

As a result of the pandemic, the University may experience increased risk exposure in several areas. This includes an increased credit risk exposure on accounts receivable where the risk of default on contractual obligations may increase.

The University's investments are recognized at fair value and the impact of the pandemic has created volatility and uncertainty in world markets, which may ultimately lead to a loss on market value that is other than temporary. The ultimate length and duration of the pandemic is unknown and the potential magnitude of the impact on the University's investments is not known at this time. The University continues to monitor investment balances and work with investment managers to mitigate the impact where possible.

The University's defined benefit component of its pension plan is subject to the same increased risk exposure on the University's investments as the underlying investments recognized within the pension plan are subject to market volatility and uncertainty for which the ultimate length and duration is not yet known.

Due to COVID-19, Strategic Mandate Agreement 3 ("SMA3") signing was delayed by the Ministry of Colleges and Universities. Trent's SMA3 was signed August 31, 2020. SMA3 covers the five-year period from 2020/2021 to 2024/2025. SMA3 establishes targets for the ten metrics upon which the institutional performance funding will be assessed.

As at April 30, 2020, the University did not have significant adjustments to reflect the possible future impact of COVID-19. 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. Given the outcome and timeframe to a recovery from the current pandemic is highly unpredictable, it is not practicable to estimate and disclose its financial effect on future operations at this time.

20. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the current year's presentation.