Financial Statements of

BROCK UNIVERSITY

Year ended April 30, 2010

BROCK UNIVERSITY

Financial Statements

Year ended April 30, 2010

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STATEMENT OF ADMINISTRATIVE RESPONSIBILITY

The Administration of Brock University is responsible for the preparation of the financial statements, the notes and all other financial information contained in this annual report.

The Administration has prepared the financial statements in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The Administration believes that financial statements present fairly the University's financial position as at April 30, 2010 and the results of its operations for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the Administration has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board of Trustees is responsible for ensuring that the Administration fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Trustees carries out its responsibility for review of the financial statements principally through the Audit Committee. The members of the Audit Committee are not officers or employees of the University. The Audit Committee meets with the Administration, as well as 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 auditors have full access to the Audit Committee with and without the presence of the Administration.

The financial statements for the year ended April 30, 2010 have been reported on by KPMG LLP, Chartered Accountants, the auditors appointed by the Board of Trustees. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Dr. Jack Lightstone
President and Vice-Chancellor

Mr. Steven Pillar
Vice-President, Finance and Administration

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AUDITORS' REPORT

The Trustees of Brock University

We have audited the statement of financial position of Brock University as at April 30, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants
St. Catharines, Canada
June 25, 2010

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KPMG Canada provides services to KPMG LLP.

BROCK UNIVERSITY

Statement of Financial Position

Year ended April 30, 2010, with comparative figures for 2009
(in thousands of dollars)

	2010	2009
Assets		
Current assets:		
Cash and cash equivalents (note 3)	$ 30,664	$ 50,251
Accounts receivable	6,418	4,025
Government grants receivable	3,266	5,196
Prepaid expenses and other assets	927	336
Inventories	2,485	2,559
	43,760	62,367
Restricted investments (note 4):		
Cash	4,461	2,207
Marketable securities	79,369	80,155
	83,830	82,362
Capital assets (note 5)	215,760	184,324
	$ 343,350	$ 329,053
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 18,902	$ 16,925
Deferred revenue	8,043	7,076
Deferred contributions (note 6)	8,973	6,164
Current portion of long-term debt (note 7)	671	8,889
	36,589	39,054
Long-term debt (note 7)	22,008	22,679
Debenture payable (note 8)	89,936	89,906
Deferred capital contributions (note 9)	125,700	111,155
Employee future benefits obligation (note 10)	11,096	8,960
Net assets:		
Endowment (note 11)	41,577	33,219
Internally restricted (note 12)	19,439	21,051
Invested in capital assets (note 13)	18,687	6,302
Unrestricted	(21,682)	(3,273)
	58,021	57,299
Commitments (note 14)		
Contingencies (note 16)		
	$ 343,350	$ 329,053

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

On behalf of the Board:

Trustee

Trustee

BROCK UNIVERSITY

Statement of Operations

Year ended April 30, 2010, with comparative figures for 2009
(in thousands of dollars)

	2010	2009
Revenues:		
Government grants for general operations	$ 84,418	$ 80,789
Student fees	96,576	85,194
Ancillary operations	28,702	27,558
Research grants for restricted purposes	12,995	14,590
Grants and other revenues for restricted purposes	1,252	1,575
Investment income	2,459	2,701
Sundry	13,833	12,287
Amortization of deferred capital contributions (note 9)	4,992	4,563
	245,227	229,257
Expenses:		
Salaries and benefits	157,985	149,798
Supplies and expenses	13,108	12,216
Materials and expendable equipment	5,398	5,709
Repairs, maintenance and rent	5,653	5,869
Utilities and taxes	7,332	7,699
Interest on long-term debt	6,694	7,022
Cost of sales	8,203	7,784
Other	8,939	8,816
Scholarships, fellowships and bursaries	12,815	12,456
Research expenses, including fellowships	12,995	14,590
Amortization of capital assets	13,741	13,405
	252,863	245,364
Excess of expenses over revenues	$ (7,636)	$ (16,107)

The accompanying notes and Schedule I are an integral part of these financial statements.

BROCK UNIVERSITY

Statement of Changes in Net Assets

Year ended April 30, 2010, with comparative figures for 2009
(in thousands of dollars)

	Endowments (note 11)	Internally restricted (note 12)	Invested in capital assets (note 13)	Unrestricted	2010 Total	2009 Total
Net assets, beginning of year	$ 33,219	$ 21,051	$ 6,302	$ (3,273)	57,299	$ 73,557
Excess of revenues over expenses (expenses over revenues)	-	-	(8,749)	1,113	(7,636)	(16,107)
Change in internally restricted net assets	-	(1,612)	-	1,612	-	-
Net change in investment in capital assets	-	-	21,134	(21,134)	-	-
Change in endowment net assets (note 11(a))	8,358	-	-	-	8,358	(151)
Net assets, end of year	$ 41,577	$ 19,439	$ 18,687	$ (21,682)	58,021	$ 57,299

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

BROCK UNIVERSITY

Statement of Cash Flows

Year ended April 30, 2010, with comparative figures for 2009
(in thousands of dollars)

	2010	2009
Cash provided by (used in):		
Operating activities:		
Excess of expenses over revenues	$ (7,636)	$ (16,107)
Add (deduct) non-cash items:		
Amortization of capital assets	13,741	13,405
Amortization of deferred capital contributions	(4,992)	(4,563)
Amortization of deferred charges	30	27
	1,143	(7,238)
Net change in non-cash working capital balances related to operations:		
(Increase) decrease in accounts receivable	(2,393)	295
Decrease (increase) in government grants receivable	1,930	(3,893)
(Increase) decrease in prepaid expenses and other assets	(591)	584
Decrease (increase) in inventories	74	(315)
Increase in accounts payable and accrued liabilities	1,977	272
Increase in deferred revenue	967	592
Increase (decrease) in deferred contributions	2,809	(1,342)
Net change in employee future benefits obligations	2,136	719
Cash (used) provided by operating activities	8,052	(10,326)
Investing and financing activities:		
Purchase of investments, net	(1,468)	(1,740)
Purchase of capital assets	(45,177)	(20,746)
Contributions restricted for capital purchases	19,537	10,481
Increase in long-term debt	-	2,909
Repayment of long-term debt	(8,889)	(463)
Change in endowment net assets	8,358	(151)
Cash used in investing and financing activities	(27,639)	(9,710)
Decrease in cash	(19,587)	(20,036)
Cash and cash equivalents, beginning of year	50,251	70,287
Cash and cash equivalents, end of year	$ 30,664	$ 50,251

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

Brock University (the "University") was incorporated as a university under the Brock University Act. The University is dedicated to providing programs in broadly-based undergraduate education in the arts and sciences and in professional and interdisciplinary programs, and to offer graduate studies in a broad range of disciplines.

These financial statements reflect the assets, liabilities, net assets, revenue, expenses and other transactions of the operations of the University. Accordingly, these financial statements include the academic, administrative and other operating expenses funded by fees, grants, donations and other general revenue, endowment funds, and the ancillary operations.

The University is a charitable organization and, as such, is exempt from income taxes under the Income Tax Act (Canada).

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are summarized below:

(a) Cash and cash equivalents:

Cash equivalents are held for the purpose of meeting short-term cash commitments are readily convertible to a known amount of cash and are subject to an insignificant amount of risk of changes in value. Cash equivalents include money market funds and investments with maturities of three months or less from the date of acquisition. Marketable securities are represented by bonds which are held for the purpose of meeting short-term cash commitments, are readily convertible to a known amount of cash and are subject to an insignificant amount of risk of changes in value. Cash, cash equivalents and marketable securities are valued at market value.

(b) Inventories:

Inventories are stated at the lower of cost (weighted average cost) and net realizable value.

(c) Investments:

Investments are recorded at market value.

(d) Capital assets:

Purchased capital assets are recorded at cost less accumulated amortization. Contributions of capital assets are capitalized at fair market value at the date of contribution. Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Buildings	2.5% to 10%
Furnishings and equipment	10% to 33 1/3%
Library books	20%

1. Significant accounting policies (continued):

(d) Capital assets (continued):

Construction costs are capitalized as work progresses and amortization commences as work is substantially completed.

(e) Works of Art:

Contributed works of art are recorded as revenue and expense, at fair market value, at the date of contribution. If the fair market value is not determinable, the contribution is recorded at a nominal amount. Artwork purchases are expensed as acquired.

(f) Endowments:

Contributions restricted for endowments consist of restricted donations received by the University and donations internally designated by the Board of Trustees, in the exercise of its discretion. 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 or the Board of Trustees. 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.

Investment income on endowments that is available for spending at the discretion of the University or is available for spending as the conditions established by the donor have been met has been recorded in the statement of operations and changes in net assets. University policy has been established with the objective of protecting the real value of the endowments by having an overall investment objective for endowments to earn, over time, a rate of return at least equal to the total of inflation plus spending and the costs of administering the funds. Underlying the investment objective is a spending rate that limits allocations to an estimated long-term rate of investment return. The spending rate is reviewed annually based on a moving three year average of the investment pool period. Investment income in excess of administration costs and spending allocations will be added to capital, up to the rate of inflation. Any additional excess will be set aside in a stabilization reserve that can be drawn upon in years when income is less than the spending allocated. In the case of new endowments where the pro-rata annual investment return less administrative costs is lower than the spending allocation, the spending on these endowments may be temporarily suspended in order to preserve donor capital.

1. Significant accounting policies (continued):

(g) Revenue recognition:

The University follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted donations are recognized on a cash basis since pledges are not legally enforceable claims. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which the related expenses are recognized. Endowment contributions are recognized as direct increases in net assets in the year in which they are received. Student fees are recognized as revenue when courses and seminars are held. Sales and services revenue is recognized at the point of sale or when the service has been provided.

(h) Contributed services and materials:

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

(i) Employee future benefits:

(i) Pension benefit plan:

The University provides pension benefits to employees primarily through a hybrid pension plan. Under this arrangement, the University and employees are required to make contributions based on a specified percentage of the employee's earnings. The amount of pension benefits provided to employees is based upon the accumulation of contributions and investment earnings thereon, when the employee retires, subject to a guaranteed minimum benefit amount. The University records the cost of providing this benefit equal to its requirement to make contributions on an annual basis. Certain faculty are members of the Teachers' Superannuation Fund, a multi-employer defined benefit plan. Contributions to this plan are expensed when due.

Assets of the pension plan are valued using market values at April 30, 2010. The excess of the cumulative net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the expected average remaining service period of active employees.

1. Significant accounting policies (continued):

(i) Employee future benefits (continued):

(ii) Other benefit plan:

The University also has a number of defined benefit programs that provide employees with benefits upon retirement or cessation of active service.

The cost of these programs is determined on an actuarial basis using the projected benefit method prorated on services and management's best estimates regarding assumptions about a number of future conditions including salary changes, withdrawals, mortality rates and expected health care costs. The discount rate used to determine service cost and liabilities is based on the prevailing market interest rates on long-term fixed income securities with maturities that match the expected maturities of the obligations. The excess of the cumulative net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the expected average remaining service period of active employees.

(j) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the period reported. Actual results could differ from those estimates.

(k) Pledges:

Pledges are recorded as revenue on a cash basis and accordingly are not set up as assets in the financial statements. The total amount of pledges outstanding is approximately $22,330,666 at April 30, 2010 and is expected to be received as follows:

(000's)	
2011	$ 9,868
2012	3,343
2013	2,570
2014	2,500
2015	2,342
Thereafter	1,708
	$ 22,331

1. Significant accounting policies (continued):

(l) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value. They are subsequently valued at fair value or amortized cost depending on the classification selected for the financial instrument. Financial assets are classified as either "held-for-trading", "held-to-maturity", "available-for-sale", or "loans and receivables" and financial liabilities are classified as either "held-for trading" or "other liabilities". Financial assets and liabilities classified as held-for-trading are measured at fair value with the change in fair value recorded in the statement of operations or in the endowment fund for externally restricted investments. Financial assets classified as held-to-maturity or loans and receivables and financial liabilities classified as other liabilities are subsequently measured at amortized costs using the effective interest method. Available-for-sale financial assets that have a quoted price in an active market are measured at fair value with the change in fair value recorded in net assets. Such gains or losses are reclassified to the statement of operations when the related financial asset is disposed of or when the decline in value is considered to be other-than-temporary.

The University has classified its financial instruments as follows:

Cash and cash equivalents	Held-for-trading
Accounts receivable	Loans and receivable
Government grants receivable	Loans and receivable
Investments	Held-for-trading
Accounts payable and accrued liabilities	Other liabilities
Current and long-term debt	Other liabilities

The University has continued to disclose and present financial instruments under Handbook Section 3861, "Financial Instruments - Disclosure and Presentation" for the year end April 30, 2010.

2. Change in accounting policies:

Effective May 1, 2009, the University adopted the Canadian Institute of Chartered Accountants ("CICA") amendments to the 4400 Sections of the CICA Handbook. These amendments eliminate the requirement to show net assets invested in capital assets as a separate component of net assets, clarify the requirement for revenue and expenses to be presented on a gross basis when the not-for-profit organization is acting as principal and require a statement of cash flow. Adoption of these recommendations had no significant impact on the financial statements for the year ended April 30, 2010.

Effective May 1, 2009, the University adopted the CICA amendments to the section 1000 of the CICA Handbook. These amendments clarified the criteria for recognition of an asset or liability, removing the ability to recognize assets or liabilities solely on the basis of matching revenue and expense items. Adoption of these recommendations had no effect on the financial statements for the year ended April 30, 2010.

3. Cash and cash equivalents:

The market values of the cash and cash equivalents are as follows:

(000's)	2010	2009
Cash and cash equivalents	$ 30,664	3,918
Canada T-Bills	-	8,782
Bonds	-	30,845
Cash and cash equivalents	30,664	43,545
Held for future capital projects		
Cash and cash equivalents	-	6,706
	$ 30,664	$ 50,251

4. Restricted investments:

The market values of investments are as follows:

(000's)	2010	2009
Invested for endowments		
Cash and cash equivalents	$ 4,461	$ 2,207
McLean Budden		
Balanced Growth Fund	-	28,320
Equity Growth Fund	10,946	-
Fixed Income Pooled Fund	11,354	-
Walter Scott & Partners Global Fund	14,816	-
	41,577	30,527
Invested for unspent capital projects		
Cash and cash equivalents	8,075	18,450
Money market pooled fund	5,410	8,457
Fixed income	26,653	15,048
	40,138	41,955
Invested for future loan repayments		
Bonds	-	6,841
McLean Budden short-term fixed income fund	-	1,562
McLean Budden long-term fixed income fund	2,115	1,477
	2,115	9,880
	$ 83,830	$ 82,362

5. Capital assets:

(000's)	2010			2009		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Land	$ 2,415	$ -	$ 2,415	$ 2,415	$ -	$ 2,415
Buildings	324,702	119,186	205,516	283,756	109,181	174,575
Furnishings and equipment	62,404	56,019	6,385	58,708	53,027	5,681
Library books	38,659	37,215	1,444	38,124	36,471	1,653
	$ 428,180	$ 212,420	$ 215,760	$ 383,003	$ 198,679	$ 184,324

Included in buildings is $30,123,825 (2009 - $6,976,696) of construction in progress that was not amortized during the year.

7. Long-term debt (continued):

(a) Debt maturities:

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

(000's)		
2011	$	671
2012		719
2013		772
2014		3,004
2015		712
Thereafter		16,801
	$	22,679

(c) Bank credit facility:

The University has available operating lines of credit totaling $20,000,000 which were not utilized at April 30, 2010. The interest rate on the operating line of credit, when drawn, is the Bank's Prime lending rate from time to time less .55% (the prime rate at April 30, 2010 is 2.25%) and amounts are due on demand.

(d) Fair value:

The approximate fair value of the long-term debt is $19,512,000 (2009 - $33,360,000).

8. Debenture payable:

(000's)	2010	2009
Debenture payable, bearing interest at 4.967%, $2,309,000 payable interest only semi-annually, due December 14, 2045	$ 93,000	$ 93,000
Deferred refinancing expenses	(3,064)	(3,094)
	$ 89,936	$ 89,906

The University has established an internal sinking fund and purchased McLean Budden long-term fixed income funds with a market value of $2,115,281 (2009 - $1,477,060). It is management's intention to continue to make annual contributions so that the ultimate proceeds of the investments will be applied against the debenture payable, due December 14, 2045 (see note 4).

The approximate fair value of the debenture payable is $84,140,000 (2009 - $76,553,000).

9. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations and changes in net assets. The changes in the deferred capital contributions balance are as follows:

(000's)	2010	2009
Balance, beginning of year	$ 111,155	$ 105,237
Less amortization of deferred capital contributions	(4,992)	(4,563)
Add contributions restricted for capital purposes	19,537	10,481
Balance, end of year	$ 125,700	$ 111,155

The balance of unamortized capital contributions related to capital assets consists of the following:

(000's)	2010	2009
Unamortized capital contributions used to purchase assets	$ 85,566	$ 69,199
Unspent capital contributions	40,134	41,956
	$ 125,700	$ 111,155

10. Employee future benefits obligation:

(a) Pension benefit plan:

The University sponsors a hybrid pension plan, which contains both a defined contribution component and a defined benefit component. The defined contribution component of the plan is funded by University and member contributions and provides a benefit to members based on their accumulated account balance. The defined benefit component of the plan is funded by University contributions and provides for a guaranteed minimum benefit. The latest actuarial funding valuation was performed as at July 1, 2008. The next required actuarial funding valuation will be July 1, 2011.

The University measured its accrued benefit obligation and fair value of plan assets for accounting purposes as at April 30, 2010. A summary of the financial status of the plan is as follows:

(000's)	2010	2009
Accrued benefit obligation	$ 263,036	$ 215,739
Fair value of plan assets	258,327	212,172
Plan deficit	(4,709)	(3,567)
Balance of unamortized actuarial loss	4,709	3,567
Accrued benefit liability	$ -	$ -

The principal actuarial assumptions adopted in measuring the University's employee future benefits obligation are as follows:

	2010	2009
Discount rate	6.0%	8.5%
Rate of compensation increases	3.5% to 4.5%	3.5% to 4.5%
Expected long-term rate of return on plan assets	6.5%	7%

The contribution and the amount expensed for the University's pension benefit plans is as follows:

(000's)	2010	2009
Pension benefit plan	$ 10,032	$ 8,589
Multi-employer teachers plan	114	111

10. Employee future benefits obligation (continued):

(b) Other benefit plan:

The University has a number of non-pension future benefits that are available to most of its employees. These non-pension benefits include retiree medical and dental benefits until the age of 65, accumulating sick leave benefits and pre-retirement leave benefits and, for faculty only, a health care spending account.

A summary of the financial status of the plans is as follows:

(000's)	2010	2009
Accrued benefit obligation	$ 14,632	$ 9,427
Fair value of plan assets	-	-
Plan deficit	(14,632)	(9,427)
Balance of unamortized actuarial loss	3,536	467
Accrued benefit liability	$ (11,096)	$ (8,960)

The principal actuarial assumptions adopted in measuring the University's employee future benefits obligation are as follows:

	2010	2009
Discount rate	5.25% - 6%	7% - 8%
Health care costs	9.45% in 2010 decreasing over 20 years to 4.5%	
Other benefits costs	4.5%	5%

The expense for the University's other benefit plans is as follows:

(000's)	2010	2009
Non-pension defined benefit plans	$ 2,457	$ 1,222
Non-pension benefit plans	321	503

11. Endowments:

(a) Change in endowment net assets:

The following were recorded directly to endowment net assets:

(000's)	2010	2009
Contributions restricted for endowments	$ 4,636	$ 6,016
Investment (loss) income	(1,042)	907
3% internally allocated for scholarship spending	(889)	(1,142)
Unrealized gain/(loss)	5,653	(5,932)
	$ 8,358	$ (151)

(b) Contributions restricted for endowments consist of the following:

(000's)	2010	2009
Externally restricted	$ 35,550	$ 30,931
Internally restricted	6,027	2,288
	$ 41,577	$ 33,219

11. Endowments (continued):

(c) Ontario Student Opportunity Trust Fund, Phase One:

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund ("OSOTF") matching program, Phase One to award student aid as a result of raising an equal amount of endowed donations.

Schedule of Changes in Expendable Funds Available for Awards:

(000's)	2010	2009
Expendable funds available for awards, beginning of year	$ 176	$ 156
Investment income eligible for expenditures	252	298
Bursaries awarded	(252)	(278)
Expendable funds available for awards, end of year	$ 176	$ 176
Total OSOTF, Phase One, end of year	$ 8,249	$ 8,769
Number of bursaries awarded	135	126

Schedule of Changes in Endowment Balance based on book and market value:

	2010		2009	
(000's)	Market	Book	Market	Book
Endowment balance, beginning of year	$ 7,564	$ 8,593	$ 9,300	$ 8,633
Unrealized gain (loss) for the year	1,355	-	(1,696)	-
Investment income (loss) less bursaries awarded	(520)	(520)	(40)	(40)
Endowment balance, end of year	$ 8,399	$ 8,073	$ 7,564	$ 8,593

11. Endowments (continued):

(d) Ontario Student Opportunity Trust Fund, Phase Two:

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund ("OSOTF") matching program, Phase Two to award student aid as a result of raising an equal amount of endowed donations.

Schedule of Changes in Expendable Funds Available for Awards:

(000's)	2010	2009
Expendable funds available for awards, beginning of year	$ 231	$ 234
Investment income eligible for expenditures	97	96
Bursaries awarded	(119)	(99)
Expendable funds available for awards, end of year	$ 209	$ 231
Total OSOTF, Phase Two, end of year	$ 3,284	$ 3,511
Number of bursaries awarded	35	28

Schedule of Changes in Endowment Balance based on book and market value:

	2010		2009	
(000's)	Market	Book	Market	Book
Endowment balance, beginning of year	$ 2,899	$ 3,280	$ 3,463	$ 3,280
Unrealized gain (loss) for the year	514	-	(564)	-
Investment income (loss) less bursaries awarded	(205)	(205)	-	-
Endowment balance, end of year	$ 3,208	$ 3,075	$ 2,899	$ 3,280

11. Endowments (continued):

(e) Ontario Trust for Student Support

Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Trust for Student Scholarship ("OTSS") matching program to award student aid as a result of raising an equal amount of endowment donations to an allocated ceiling.

Schedule of Changes in Expendable Funds Available for Awards:

(000's)	2010	2009
Expendable funds available for awards, beginning of year	$ 167	$ 70
Investment income eligible for expenditures	183	234
Bursaries awarded	(224)	(137)
Expendable funds available for awards, end of year	$ 126	$ 167
Total OTSS, end of year	$ 13,181	$ 11,161
Number of bursaries awarded	223	135

Schedule of Changes in Endowment Balance based on book and market value:

	2010		2009	
(000's)	Market	Book	Market	Book
Endowment balance, beginning of year	$10,163	$10,994	$ 7,139	$ 6,628
Cash donations received	751	751	1,388	1,388
Funds received from the Ministry	1,840	1,840	3,005	3,005
Unrealized gain (loss) in the current year	802	-	(1,342)	-
Investment income (loss) less bursaries awarded	(530)	(530)	(27)	(27)
Endowment balance, end of year	$13,026	$13,055	$10,163	$10,994

12. Internally restricted net assets:

Internally restricted net assets carried forward for allocation and spending in subsequent years consist of the following:

(000's)	2010	2009
Operations:		
Faculty departments An agreement exists that permit faculty departments to automatically carryforward cumulative unspent budgeted funds. These funds are typically committed for targeted expenditures.	$ 4,989	$ 3,889
Other departments Unspent budgeted funds for specific programs are automatically carried forward. In addition, other departments are permitted to make specific annual requests for targeted expenditures.	5,565	3,914
Student support grants, bursaries and fellowships Budgeted funds established for specific student initiatives are committed for their intended purpose.	531	715
Library department and acquisitions An agreement exists that permits the library department to automatically carryfoward cumulative unspent budgeted funds.	908	721
Capital and infrastructure projects and reserves Department reserve funds and global budgets established for specific capital and infrastructure initiatives.	3,765	3,303
Global Budget Initiatives Unspent targeted global funds that are held centrally until departmental allocations are known.	1,620	1,497
Operating Budget One-time budgeted funds committed to the annual operating budget.	1,613	3,335
	18,991	17,374
Accumulated interest on investments for specific purposes These funds are recognized on investments that have been established for the repayment of the residence debt and debentures payable.	230	3,205
Research funds with no external obligations These funds are recognized revenue from research contracts and have been restricted for use on research projects	218	-
Segregated funds These funds are not included in the operating budget revenues and expenses as they are internally designated for specific purposes.	-	472
	$ 19,439	$ 21,051

13. Net assets invested in capital assets:

(a) Net assets invested in capital assets consist of the following:

(000's)	2010	2009
Capital assets, net (note 5)	$ 215,760	$ 184,324
Less amounts financed by:		
Long-term debt (note 7)	(22,679)	(31,568)
Deferred capital contributions (note 9)	(85,566)	(69,199)
Debenture payable	(83,961)	(83,961)
Accounts payable	(4,867)	-
Marketable securities held for future capital projects (note 3)	-	6,706
Balance, end of year	$ 18,687	$ 6,302

(b) The change in net assets invested in capital assets is calculated as follows:

(000's)	2010	2009
Repayment of long-term debt	$ 8,889	$ 463
Purchase of capital assets internally financed	12,245	8,178
Increase in invested in capital assets	$ 21,134	$ 8,641
Amortization expense	$ (13,741)	$ (13,405)
Less amortization of deferred capital contributions	4,992	4,563
Decrease in invested in capital assets	$ (8,749)	$ (8,842)