

Financial Statements of

**THOMPSON RIVERS  
UNIVERSITY**

Year ended March 31, 2007

# THOMPSON RIVERS UNIVERSITY

Index to Financial Statements

Year ended March 31, 2007

Statement of Administrative Responsibility for Financial Statements

Auditors' Report

Exhibit A	Statement of Financial Position	1
Exhibit B	Statement of Operations and Changes in Unrestricted Net Assets	2
Exhibit C	Statement of Changes in Net Assets	3
Exhibit D	Statement of Cash Flows	4
	Notes to Financial Statements	5

## STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR FINANCIAL STATEMENTS

The University is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian generally accepted accounting principles prescribed for not-for-profit organizations by the Canadian Institute of Chartered Accountants. The financial statements present fairly the financial position of the University as at March 31, 2007 and the results of its operations and the changes in its net assets for the year then ended.

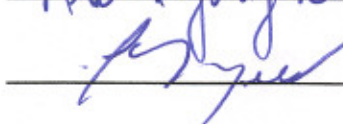
In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University's administration has developed and maintains a system of internal controls designed to provide reasonable assurance that the University assets are safeguarded from loss and that the accounting records are reliable basis for the preparation of financial statements. The system of internal controls is monitored by the University's internal auditor.

The Board of Governors carries out its responsibility for review of the financial statements principally through its audit committee. The members of the Audit Committee are not officers or employees of the University. The Audit Committee meets with the administration and with the internal and external auditors to discuss the results of audit examinations and financial reporting matters. The auditors have full access to the Audit Committee, with and without the presence of the Administration.

The financial statements have been examined by KPMG LLP, Chartered Accountants, the external auditors appointed by the University's Board of Governors. The Auditor's report outlines the nature of their examination and expresses an opinion on the financial statements of the University for the year ended March 31, 2007.

On behalf of the University:

  
\_\_\_\_\_ Board Chair

  
\_\_\_\_\_ Vice President Administration and Finance



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## AUDITORS' REPORT

To the Board of Governors of Thompson Rivers University

We have audited the statement of financial position of Thompson Rivers University as at March 31, 2007 and the statements of operations and changes in unrestricted net assets, 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 March 31, 2007 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is stylized and appears to be written in a cursive or semi-cursive script.

Chartered Accountants

Kamloops, Canada  
May 3, 2007

# THOMPSON RIVERS UNIVERSITY

Exhibit A - Statement of Financial Position  
March 31, 2007, with comparatives for 2006

	2007	2006 (note 1(a))
<b>Assets</b>		
Current assets:		
Cash	\$ 2,089,517	\$ 1,335,472
Investments and marketable securities (note 2)	2,800,307	6,000,534
Accounts receivable (note 3)	4,325,682	8,453,491
Inventories	1,711,947	1,751,551
Prepaid expenses	212,872	58,117
	<u>11,140,325</u>	<u>17,599,165</u>
Long-term investments (note 2)	35,896,016	28,932,660
Capital assets (note 4)	142,342,266	113,752,866
	<u>\$189,378,607</u>	<u>\$160,284,691</u>

## Liabilities, Deferred Capital Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 9,421,518	\$ 9,242,251
Wages payable	2,723,683	7,293,501
Deferred revenue (note 6)	13,713,816	11,452,066
Current portion of accrued sick and vacation liability (note 5)	5,954,593	5,421,438
Current portion of long-term debt (note 7)	3,168,902	3,499,236
Current portion of capital lease obligation (note 8)	325,519	-
	<u>35,308,031</u>	<u>36,908,492</u>
Long-term liabilities:		
Accrued sick and vacation liability (note 5)	5,247,313	4,948,613
Long-term debt (note 7)	9,711,650	10,241,653
Capital lease obligation (note 8)	41,426,314	25,927,873
	<u>91,693,308</u>	<u>78,026,631</u>
Deferred capital contributions (note 9)	70,062,067	60,371,926
Net assets:		
Invested in capital assets (note 10)	17,647,814	13,712,178
Internally restricted (note 11)	9,837,627	6,903,472
Unrestricted	137,791	1,270,484
	<u>27,623,232</u>	<u>21,886,134</u>
	<u>\$189,378,607</u>	<u>\$160,284,691</u>

Commitments and contingencies (note 12)

See accompanying notes to financial statements.

On behalf of the Board:

  
Board Chair

  
Vice President Administration and Finance

# THOMPSON RIVERS UNIVERSITY

## Exhibit B - Statement of Operations and Changes in Unrestricted Net Assets

Year ended March 31, 2007, with comparatives for 2006

	2007	2006 (note 1(a))
Revenues:		
Government grants	\$ 69,948,793	\$ 72,023,974
Tuition fees	33,890,187	31,554,492
Gifts, grants and bequests	1,140,835	1,527,160
Interest and other income	4,873,354	3,605,900
Ancillary services	11,839,573	9,045,307
Amortization of deferred contributions	3,065,729	3,119,136
Access and other fees	5,861,926	5,704,589
	<u>130,620,397</u>	<u>126,580,558</u>
Expenses:		
Salaries and benefits	79,978,418	79,640,652
Advertising and public relations	1,512,894	1,511,867
Amortization of capital assets	5,696,234	5,659,772
Building, equipment, operations and maintenance	6,887,377	6,821,189
Bursaries, scholarships, TRU foundation and alumni	1,501,710	1,416,999
Cost of materials sold	6,242,455	5,798,273
Interest on capital lease obligation	1,240,086	-
Interest on long term debt	743,170	761,669
Leases and insurance	1,351,046	1,344,198
Professional fees and contracted services	7,106,327	6,639,129
Supplies, postage and computer services	7,050,700	6,621,161
Travel, membership and recruitment	5,572,882	5,050,655
	<u>124,883,299</u>	<u>121,265,564</u>
Excess of revenue over expenses	5,737,098	5,314,994
Net increase in net assets invested in capital assets (note 10)	(3,935,636)	(1,466,472)
Increase in internally restricted net assets (note 11)	(2,934,155)	(279,285)
Net change in unrestricted net assets	<u>\$ (1,132,693)</u>	<u>\$ 3,569,237</u>

See accompanying notes to financial statements.

# THOMPSON RIVERS UNIVERSITY

## Exhibit C - Statement of Changes in Net Assets

Year ended March 31, 2007, with comparatives for 2006

	Invested in capital assets (note 10)	Internally restricted (note 11)	Unrestricted	Total 2007	Total 2006
Net assets, beginning of year	\$ 13,712,178	\$ 6,903,472	\$ 1,270,484	\$ 21,886,134	\$ 16,571,140
Excess (deficiency) of revenue over expenses,	(2,630,505)	24,370	8,343,233	5,737,098	5,314,994
Capital asset purchases, net of assets purchased through deferred capital contributions	5,549,136	(2,500,000)	(3,049,136)	-	-
Repayment of long-term debt	860,337	-	(860,337)	-	-
Repayment of obligations under capital lease	156,668	-	(156,668)	-	-
Capital reserves	-	1,290,000	(1,290,000)	-	-
International capital and operational reserve	-	1,843,000	(1,843,000)	-	-
Faculty and departmental carryforwards	-	2,276,785	(2,276,785)	-	-
<b>Balance, end of year</b>	<b>\$ 17,647,814</b>	<b>\$ 9,837,627</b>	<b>\$ 137,791</b>	<b>\$ 27,623,232</b>	<b>\$ 21,886,134</b>

See accompanying notes to financial statements.

# THOMPSON RIVERS UNIVERSITY

## Exhibit D - Statement of Cash Flows

Year ended March 31, 2007, with comparatives for 2006

	2007	2006
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 5,737,098	\$ 5,314,994
Adjustments for items not affecting cash:		
Amortization of capital assets	5,696,234	5,659,772
Amortization of deferred capital contributions	(3,065,729)	(3,119,136)
	8,367,603	7,855,630
Changes in non-cash working capital items:		
Accounts receivable	4,127,809	(3,739,888)
Inventory	39,604	(706,936)
Accounts payable and accrued liabilities	179,267	2,487,575
Wages payable	(4,569,818)	6,139,016
Accrued sick and vacation payable	831,855	680,498
Prepaid expense	(154,755)	(58,117)
Deferred revenue	2,261,750	3,194,251
	11,083,315	15,852,031
Financing:		
Increase in long-term debt	-	608,312
Repayment of long-term debt	(860,337)	(859,506)
Decrease in capital lease obligations	(156,668)	-
Restricted cash proceeds from deferred capital contributions	12,755,870	11,347,292
	11,738,865	11,096,098
Investments:		
Purchase of capital assets	(18,305,006)	(15,231,203)
Net (purchase) disposal of investments and marketable securities	3,200,227	(1,970,603)
Dispositions of capital assets	-	128,000
Net (purchase) disposal of long-term investments	(6,963,356)	(9,454,661)
	(22,068,135)	(26,528,467)
Increase in cash	754,045	419,662
Cash, beginning of year	1,335,472	915,810
Cash, end of year	\$ 2,089,517	\$ 1,335,472
Supplemental information:		
Interest paid on long-term debt and capital leases	\$ 1,959,180	\$ 766,345
Non cash increase in capital assets and obligation under capital lease	\$ 15,980,628	\$ 25,927,873

See accompanying notes to financial statements.

# THOMPSON RIVERS UNIVERSITY

## Notes to Financial Statements

Year ended March 31, 2007

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Thompson Rivers University ("the University") operates under the authority of the Thompson Rivers University Act of British Columbia as a fully independent degree granting institution. The University offers a broad range of program options including undergraduate, graduate degrees, career diplomas, and trades training at its Kamloops and Williams Lake campuses through Face-To-Face and Open Learning. The University is a not-for-profit entity, governed by a Board of Governors, the majority of which are appointed by the provincial government of British Columbia. The University is a registered charity and therefore is exempt from income tax under section 149 of the Income Tax Act.

### 1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, which encompass the following principles:

#### (a) Fund accounting:

Thompson Rivers University records accounting transactions using the fund accounting method generally in use for not-for-profit organizations and follows the deferral method of accounting for contributions. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes the University has combined the assets, liabilities and net assets and revenue and expenses of all funds. Accordingly, the financial statements reflect the assets, liabilities and net assets and revenue and expenses of the University as a whole. Certain 2006 comparative figures have been reclassified in order to conform with the financial statement presentation adopted in the current year.

#### (b) Revenue recognition:

The University follows the deferral method of accounting for contributions. Unrestricted revenues include: Grants, tuition fees, ancillary services, sales access and other fees and other income. These are recognized as revenues at the time the product is delivered or the services are substantially completed and proceeds are collected or reasonably collectible. The operating grant from the Province of British Columbia is considered unrestricted and recorded in the period to which the funds relate.

# THOMPSON RIVERS UNIVERSITY

## Notes to Financial Statements

Year ended March 31, 2007

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### 1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

Specifically:

- (i) Tuition fees are collected at the commencement of the course but recognized as revenues over the term of the course.
- (ii) Grants are recognized as revenue as the requirements of the grant are met. Grants that do not have any restrictions or requirements are recognized as revenue when received.
- (iii) Contributions restricted for the purchase of capital assets are deferred and amortized to revenue on the same basis as the amortization expense related to the acquired capital assets.
- (iv) Interest revenues and losses are recognized as earned. Interest earned on internally or externally restricted contributions is recognized as revenue at the same time those contributions are recognized.
- (v) Externally restricted non-capital contributions for specific purposes are recognized as revenue in the year which the related expenses are incurred.
- (vi) Contributions where the capital asset involved is land or works of art to be held for use by the University, the contribution is recorded as a direct increase in net assets invested in capital assets rather than as revenue.

(c) Inventories:

Inventories of merchandise held for resale is recorded at the lower of cost and net realizable value.

(d) Employee future benefits:

Accrued vacation and sick leave entitlements are charged to the operating fund based on the estimated actuarial determined present value of the expected use of the entitlements. The University is a member of multi-employer pension plans and applies defined contribution plan accounting.

(e) Investments:

Short-term investments, which are recorded at the lower of cost and market value, are defined to include investments with terms to maturity of less than one year.

Long-term investments, are recorded at the lower of cost and market value, are defined to include investments with original terms to maturity of greater than one year.

# THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2007

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## 1. Significant accounting policies (continued):

### (f) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of the contribution. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Rate
Site improvements	10 years
Buildings - wood frame	20 years
Buildings - concrete/steel	40 years
Furniture, fixtures and equipment	5 - 7 years
Library acquisitions	10 years
Software	2 years

Capital assets are written down to net realizable value at the point they no longer contribute to the University's ability to provide services. Deferred capital contributions associated with the written down capital asset are recognized as revenue if all restrictions have been complied with.

### (g) Financial instruments:

The University's financial instruments consist of cash, investments and marketable securities, accounts receivable, accounts payable and accrued liabilities, deferred revenue, long-term debt and interest rate swap arrangements and obligation under capital lease. The carrying value of cash, current portion of investments and marketable securities, accounts receivable, accounts payable and accrued liabilities and deferred revenue approximate their fair value because of the relatively short period to maturity of the instruments.

The fair value of the long-term portion of investments and marketable securities is based on the year end quoted market bid price for the related investment instruments and is disclosed in note 2.

The fair values of long-term debt and the interest rate swap agreement are measured as the present value of contractual future payments of principal and interest, discounted at the current market rates of interest available to the University for the same or similar instruments. Carrying value approximates fair value for these instruments as the instruments' rates are not significantly different than market rates.

# THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2007

## 1. Significant accounting policies (continued):

### (g) Financial instruments (continued):

The fair value of the capital lease obligation is measured as the present value of contractual future lease payments discounted at the current market rate for similar leases. Carrying value approximates fair value.

It is management's opinion that the University is not subject to any significant interest rate, currency or credit risk associated with these financial instruments.

### (h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of useful lives of capital assets for amortization and the amortization of related deferred capital contributions and provisions for employee future benefits and contingencies. Actual results may differ from these estimates.

## 2. Long and short-term investments:

Investments consist primarily of bonds with various maturity dates and interest rates with a weighted average rate of return of 5.46% (2006 - 5.82%). Included in the cost of investments are funds held in trust for employees who participate in the deferred salary plan. At March 31, 2007, funds held in trust for this plan were \$195,837 (2006 - \$164,903) and the liability associated with the plan is recorded in wages payable.

The balance in investments consists of:

	Market	Cost	Accrued interest	Total
2007				
Short-term	\$ 2,800,307	\$ 2,800,000	\$ 307	\$ 2,800,307
Long-term	37,922,968	31,677,264	4,218,752	35,896,016
	\$ 40,723,275	\$ 34,477,264	\$ 4,219,059	\$ 38,696,323
2006				
Short-term	\$ 6,000,534	\$ 6,000,000	\$ 534	\$ 6,000,534
Long-term	30,324,177	26,146,552	2,786,108	28,932,660
	\$ 36,324,711	\$ 32,146,552	\$ 2,786,642	\$ 34,933,194

# THOMPSON RIVERS UNIVERSITY

## Notes to Financial Statements

Year ended March 31, 2007

### 3. Accounts receivable:

	2007	2006
Student	\$ 971,625	\$ 691,158
Trade	2,791,051	2,961,133
Government of British Columbia	21,162	4,040,600
Other	541,844	760,600
	<b>\$ 4,325,682</b>	<b>\$ 8,453,491</b>

### 4. Capital assets:

	2007		2006	
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,238,229	\$ -	\$ 2,238,229	\$ 2,238,229
Site improvements	7,397,201	5,327,883	2,069,318	2,543,402
Buildings	103,852,879	29,144,831	74,708,048	58,168,395
Furniture, fixtures and equipment	36,172,060	28,616,417	7,555,643	7,462,340
Library acquisitions	8,224,223	5,843,453	2,380,770	2,488,517
Software	353,020	-	353,020	-
Construction in progress	11,128,736	-	11,128,736	14,924,110
	<b>169,366,348</b>	<b>68,932,584</b>	<b>100,433,764</b>	<b>87,824,993</b>
Assets under capital lease:				
Building (construction completed in April 2007)	39,642,325	-	39,642,325	25,927,873
Furniture and fixtures	2,266,177	-	2,266,177	-
	<b>41,908,502</b>	<b>-</b>	<b>41,908,502</b>	<b>25,927,873</b>
	<b>\$211,274,850</b>	<b>\$ 68,932,584</b>	<b>\$142,342,266</b>	<b>\$113,752,866</b>

The University has leased land to a third party for the student residence buildings at the Kamloops Campus. The 42 year lease expires March 31, 2049, at which time the buildings become the property of the University.

# THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2007

## 5. Employee future benefits:

### (a) Employee sick and severance benefits:

Employees with ten or more years of service are entitled to receive special payments upon retirement or termination as specified by the collective agreements. These payments are based upon accumulated sick leave credits and entitlements for each year of service.

Information about employee sick and severance benefits is as follows:

	2007	2006
Accrued benefit obligation:		
Termination benefits	\$ 5,547,313	\$ 5,248,613
Vacation pay benefits	5,654,593	5,121,438
Total obligation	11,201,906	10,370,051
Current portion	(5,954,593)	(5,421,438)
Long-term portion of sick and severance liabilities	\$ 5,247,313	\$ 4,948,613
Termination and vacation pay expense included in salaries and benefits expense	\$ 831,856	\$ 680,498

### (b) Pension liability:

The University and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are defined. The College Pension Plan has about 11,000 active members from senior administration and instructional staff and approximately 3,200 retired members. The Municipal Pension Plan has about 130,000 active members, with approximately 4,900 from post secondary institutions.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation for the College Pension Plan as at August 31, 2003 indicated an unfunded liability of \$50 million for basic pension benefits. The next valuation will be as at August 31, 2006 with results available in 2007. The most recent valuation for the Municipal Pension Plan as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The Thompson Rivers University paid \$4,391,705 (2006 - \$4,375,421) for employer contributions to the Plans in fiscal 2007. The University has 1,078 members enrolled in these plans.

# THOMPSON RIVERS UNIVERSITY

## Notes to Financial Statements

Year ended March 31, 2007

### 6. Deferred revenue:

Deferred revenue represents externally restricted revenue received relating to a future period or that have not yet been spent for research, capital asset acquisition or other specific purposes. Changes in the deferred revenue balances are as follows:

	2007	2006
Balance, beginning of the year	\$ 11,452,066	\$ 8,561,123
Contributions received	81,671,223	82,026,050
Deduct transfers to revenue or deferred capital contributions	(79,409,473)	(79,135,107)
Balance, end of the year	\$ 13,713,816	\$ 11,452,066

### 7. Long-term debt:

	2007	2006
Ministry of Finance commercial paper, unsecured, bears interest at the rate of 4.18% and is repayable at maturity on April 4, 2007. Subsequent to year-end this instrument was refinanced at a rate of 4.2% and a maturity date of July 3, 2007.	\$ 2,638,284	\$ 3,000,000
Campus Activity Centre loan (Thompson Rivers Student Union addition), repayable in quarterly installments of \$28,229 including interest at 5.19% per annum, maturing January 1, 2023, secured by specific assets.	1,217,982	1,266,118
Canadian Imperial Bank of Commerce, term loan, maturing December 2019, repayable in quarterly instalments of \$115,252 plus interest payable at 3 month Banker's Acceptance rate plus .25%, secured by specific assets. Thompson Rivers University has entered into an agreement to swap the interest payable at the above rate for a fixed rate of 6.246% for 15 years to December 16, 2019.	9,024,286	9,474,771
	12,880,552	13,740,889
Current portion of long-term debt	(3,168,902)	(3,499,236)
	\$ 9,711,650	\$ 10,241,653

# THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2007

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

Principal payments over the next five years are estimated as follows:

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2008	\$ 3,168,902
2009	563,299
2010	598,726
2011	636,388
2012	676,427
Thereafter	7,236,810

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## 8. Capital lease obligation:

The University has entered into a Land Lease with Dacon Corporation Ltd. ("Dacon"). Under the terms of the Land Lease, the University has leased 0.5 of a hectare of land on its Kamloops Campus to Dacon from April 1, 2005 to August 31, 2047. The Land Lease required Dacon to construct a student residence with approximately 580 beds in accordance with plans approved by the University. Annual rent under the Land Lease is \$5,000 for the term of the agreement, plus a surrender fee at the end of the lease equal to Dacon's equity invested into the assets constructed on the land.

A Project Financing Agreement between the University, Dacon and Desjardins Trust Inc. obligates the University to make payments of principal and interest on the indebtedness incurred on the construction of the residence if for any reason the payments are not made by the primary debtor, Dacon.

The University has also entered into a Sublease with Dacon. Under the terms of the Sublease, the University leases the student residence from Dacon from September 1, 2006 for the term of the Land Lease less one day. Rent under the Sublease is (i) Dacon's debt service costs associated with the financing of the residence, and (ii) during the first two years of the Sublease only, 90% of the free cash flow each year (net of a contribution to a capital reserve fund) from the residence as defined in the Sublease (the "Cashflow"); and (iii) during the balance of the Sublease, 60% of the cashflow.

The University has entered into a Management Agreement with Dacon and Campus Living Centres Inc. ("CLC"), a wholly owned subsidiary of Dacon. Under the terms of the management agreement, the University retains CLC, for the term of the Sublease, to manage the residence and to comply with the obligations of the University under the sublease.

# THOMPSON RIVERS UNIVERSITY

## Notes to Financial Statements

Year ended March 31, 2007

### 8. Capital lease obligation (continued):

The above agreements are recognized on the financial statements of the University as an asset under capital lease and a capital lease obligation. The minimum future lease payments are as follows:

Year ending March 31:	
2008	\$ 2,441,419
2009	2,441,419
2010	2,441,419
2011	2,441,419
2012	2,441,419
Thereafter	85,898,958
Total minimum lease payments	98,106,053
Less amount representing interest at 5.14% per annum	56,354,220
Present value of net minimum capital lease payments	41,751,833
Less: current portion of obligations under capital lease	325,519
Long term porting of obligation under capital lease	\$ 41,426,314

### 9. Deferred capital contributions:

Deferred capital contributions represent the unamortized and unspent amount of grants and donations received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations on the same basis as the related assets are amortized.

	2007	2006
Balance, beginning of year:	\$ 60,371,926	\$ 52,143,770
Transfer of assets from Open Learning Division	-	1,041,907
Contributions received for capital purposes	11,557,486	831,706
Transfer from deferred revenue	1,198,384	9,473,679
	12,755,870	11,347,292
Less current year's amortization	(3,065,729)	(3,119,136)
Balance, end of year	\$ 70,062,067	\$ 60,371,926

# THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2007

## 10. Invested in capital assets:

Invested in capital assets represent assets purchased with unrestricted net assets.

	2007	2006
Capital assets	\$ 142,342,266	\$ 113,752,866
Long-term debt	(12,880,552)	(13,740,889)
Amounts financed by unamortized capital contributions	(70,062,067)	(60,371,926)
Capital lease obligations	(41,751,833)	(25,927,873)
Balance, end of year	\$ 17,647,814	\$ 13,712,178

## 11. Internally restricted fund balances:

Funds that are internally restricted faculty and department carry-forwards, specific purpose and research reserves. These internally restricted reserves are described in more details below:

	2007	2006
Designated trust, capital, research and specific purpose reserves	\$ 5,717,842	\$ 6,903,472
Faculty and department carry-forwards	2,276,785	-
International building capital and operational reserve	1,843,000	-
	\$ 9,837,627	\$ 6,903,472

Designated and research reserves are set aside for future operations for research and projects for which specific funding has been reserved.

Faculty and department carry-forwards reserves are the unspent general purpose operating fund budgets which faculties and departments are permitted to carry forward at the end of each year.

International capital and operational reserves are amounts set aside for future capital and operating expenditures related to the International Building.

# THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2007

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## 12. Commitments and contingencies:

- (a) The University is committed to payments under various operating leases for land and buildings with various expiry dates through October of 2009. The minimum lease payments required under the terms of the leases are \$68,251 for fiscal 2008, \$42,000 for fiscal 2009 and \$24,500 for fiscal 2010.
- (b) The University has contracts with third parties for computer and photocopier equipment leases with various expiry dates through July 2010 with minimum lease costs of approximately \$1,579,157 in fiscal 2008, \$1,049,173 in fiscal 2009, \$471,104 in fiscal 2010 and \$108,359 in fiscal 2011.
- (c) The University has agreed to contribute one-third of the net operating loss of the City of Kamloops Aquatic Centre to a maximum of \$150,000 annually. The University's proportionate contribution of the 2006/2007 Aquatic Centre operating loss amounted to \$150,000 (2005/2006 - \$150,000).
- (d) The University has capital construction projects in progress, with a total budgeted cost of \$11,128,735. At March 31, 2007, \$407,674 was unspent but committed under these projects.

# THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2007

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## 13. Related organizations:

(a) The TRU Foundation:

The University exercises influence over the TRU Foundation by virtue of an appointment to the board and common purpose. The Foundation was incorporated under the laws of British Columbia in December 1982. Its purpose is to develop public awareness of the Thompson Rivers University, and to encourage financial support of the University, its programs, and its students. The Foundation is a registered charity under the provisions of the Income Tax Act of Canada.

- (i) At March 31, 2007 the Foundation holds endowment fund balances for the benefit of the University and its students of \$7,383,370 (2005 - \$6,345,775).
- (ii) At March 31, 2007, the Foundation holds approximately \$806,000 (2005 - \$1,106,000) for the purpose of funding University's library expenses to a maximum of \$200,000 per year for the next 3 years.
- (iii) Thompson Rivers University supports the Foundation with an annual operating grant for administrative expenses of \$174,427 (2006 - \$174,427) and by providing office space, maintaining IT, janitorial and utilities at no cost. For the year ending March 31, 2007, the University paid to the Foundation \$465,000 (2006 - \$450,000) for bursary funding.

(b) The TRU Alumni Association:

The University exercises influence over the TRU Alumni Association by virtue of an appointment to the board and common purpose. The TRU Alumni Association is a not-for-profit society incorporated under the Society Act of British Columbia for the principal purpose of promoting, developing and maintaining a network for the mutual benefit of the University, its alumni, students, staff and the community. .

- i) Thompson Rivers University supports the Alumni Association with an annual operating grant for administrative expenses of \$142,600 (2006 - \$141,602) and by providing office space, maintaining IT, janitorial and utilities at no cost.

The net assets and results from operations of the Foundation and Association are not included in the statements of the University.