

Financial Statements of

THOMPSON RIVERS UNIVERSITY

Year ended March 31, 2009

THOMPSON RIVERS UNIVERSITY

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Year ended March 31, 2009

Statement of Administrative Responsibility for Financial Statements

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STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR FINANCIAL STATEMENTS

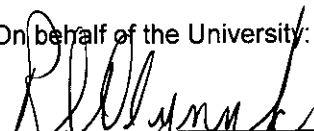
The University is responsible for the preparation of the financial statements and has prepared them in accordance with Canadian generally accepted accounting principles prescribed for not-for-profit organizations by the Canadian Institute of Chartered Accountants. The financial statements present fairly the financial position of the University as at March 31, 2009 and the results of its operations and the changes in its net assets for the year then ended.

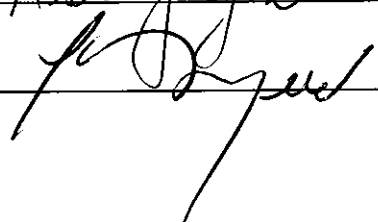
In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University's administration has developed and maintains a system of internal controls designed to provide reasonable assurance that the University assets are safeguarded from loss and that the accounting records are a 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, 2009.

On behalf of the University:


_____ Board Chair


_____ Vice-President Administration and Finance



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AUDITORS' REPORT

To the Board of Governors of the Thompson Rivers University

We have audited the statement of financial position of Thompson Rivers University as at March 31, 2009 and the statements of operations, 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, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Kamloops, Canada
May 12, 2009

THOMPSON RIVERS UNIVERSITY

Exhibit A - Statement of Financial Position

March 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash	\$ 9,460,066	\$ 17,511,359
Short-term investments (note 2)	1,521,403	383,307
Accounts receivable (note 3)	6,427,259	4,715,047
Inventories	1,823,666	1,721,569
Prepaid expenses	253,671	198,701
Current portion of loan receivable (note 4)	80,000	-
	<u>19,566,065</u>	<u>24,529,983</u>
Long-term investments (note 2)	43,735,301	36,067,285
Loan receivable (note 4)	1,120,000	-
Capital assets (note 5)	138,676,681	140,619,479
	<u>\$ 203,098,047</u>	<u>\$ 201,216,747</u>

Liabilities, Deferred Capital Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,981,682	\$ 10,472,219
Wages payable	2,348,922	2,189,954
Deferred contributions (note 6)	16,067,704	15,913,028
Current portion of accrued retirement/termination and vacation liability (note 7(a))	6,457,461	6,420,264
Current portion of debt (note 8)	7,098,713	7,280,421
Current portion of capital lease obligation (note 9)	360,295	342,466
	<u>41,314,777</u>	<u>42,618,352</u>
Long-term liabilities:		
Accrued retirement/termination and vacation liability (note 7(a))	5,987,286	5,384,982
Debt (note 8)	10,384,779	10,160,466
Capital lease obligation (note 9)	40,723,553	41,083,848
	<u>98,410,395</u>	<u>99,247,648</u>
Deferred capital contributions (note 10)	69,280,468	69,547,579
Net assets:		
Invested in capital assets (note 11)	15,328,873	16,704,699
Internally restricted (note 12)	16,507,569	13,106,566
Unrestricted	3,570,742	2,610,255
	<u>35,407,184</u>	<u>32,421,520</u>
	<u>\$ 203,098,047</u>	<u>\$ 201,216,747</u>

Commitments and contingencies (note 13)

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

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Revenues:		
Government grants	\$ 75,642,052	\$ 73,940,029
Tuition fees	39,495,608	34,977,507
Gifts, grants and bequests	659,338	1,123,034
Interest and other income	3,315,699	4,616,537
Ancillary services	16,356,324	14,778,738
Amortization of deferred contributions	3,510,721	3,496,132
Access and other fees	6,278,524	5,555,859
	<u>145,258,266</u>	<u>138,487,836</u>
Expenses:		
Salaries and benefits	86,479,046	82,884,632
Advertising and public relations	2,367,345	1,586,867
Amortization of capital assets	7,723,341	7,788,292
Building, equipment, operations and maintenance	9,697,551	9,846,056
Bursaries and scholarships	1,155,743	1,243,246
Cost of materials sold	6,773,847	6,050,523
Interest on capital lease obligation	2,095,137	2,115,900
Interest on debt	1,435,992	848,014
Leases and insurance	1,028,435	1,065,668
Professional fees and contracted services	9,121,911	7,849,764
Supplies, postage and computer services	8,900,021	7,889,701
Travel, membership and recruitment	6,144,233	5,715,161
	<u>142,922,602</u>	<u>134,883,824</u>
Excess of revenue over expenses	\$ 2,335,664	\$ 3,604,012

See accompanying notes to financial statements.

THOMPSON RIVERS UNIVERSITY

Exhibit C - Statement of Changes in Net Assets

Year ended March 31, 2009, with comparative figures for 2008

	Invested in capital assets (note 11)	Internally restricted (note 12)	Unrestricted	Total 2009	Total 2008
Net assets, beginning of year	\$ 16,704,699	\$ 13,106,566	\$ 2,610,255	\$ 32,421,520	\$ 27,623,232
Net change in the year:					
Adjustment to net assets on adoption of new accounting policies, net	-	-	-	-	1,194,276
Excess (deficiency) of revenue over expenses,	(5,035,481)	1,166,687	6,204,458	2,335,664	3,604,012
Capital assets purchased, net of assets purchased through deferred capital contributions	2,536,933	-	(2,536,933)	-	-
Repayment of debt	780,256	-	(780,256)	-	-
Repayment of capital lease obligations	342,466	-	(342,466)	-	-
Project designations during the year: strategic planning implementation, ERP project and establishment of law school	-	1,941,771	(1,941,771)	-	-
Advancement office, ERP project and others	-	(1,607,382)	1,607,382	-	-
Faculty and departmental carry forwards	-	647,616	(647,616)	-	-
International capital and operational reserves	-	487,627	(487,627)	-	-
Residence repair and replacement reserves	-	114,684	(114,684)	-	-
Endowment contribution (Athletic)	-	650,000	-	650,000	-
	(1,375,826)	3,401,003	960,487	2,985,664	4,798,288
Net assets, end of year	\$ 15,328,873	\$ 16,507,569	\$ 3,570,742	\$ 35,407,184	\$ 32,421,520

See accompanying notes to financial statements.

THOMPSON RIVERS UNIVERSITY

Exhibit D - Statement of Cash Flows

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 2,335,664	\$ 3,604,012
Adjustments for items not affecting cash:		
Amortization of capital assets	7,723,341	7,788,292
Amortization of deferred capital contributions	(3,510,721)	(3,496,132)
Unrealized loss on investments	1,598,653	451,683
Unrealized loss on value of interest rate swap agreement	822,861	178,796
	<u>8,969,798</u>	<u>8,526,651</u>
Changes in non-cash working capital items:		
Accounts receivable	(1,712,212)	(389,365)
Inventories	(102,094)	(9,622)
Accounts payable and accrued liabilities	(1,490,537)	1,050,701
Wages payable	158,968	(533,729)
Accrued retirement/termination and vacation liability	639,501	603,340
Prepaid expense	(54,970)	14,171
Deferred contribution	154,676	2,199,212
	<u>6,563,130</u>	<u>11,461,359</u>
Financing:		
Proceeds from debt	-	5,332,676
Repayment of debt	(780,256)	(951,137)
Repayment of capital lease obligations	(342,466)	(325,519)
Restricted cash proceeds from deferred capital contributions	3,243,610	2,981,644
	<u>2,120,888</u>	<u>7,037,664</u>
Investments:		
Purchase of capital assets	(5,780,543)	(6,065,505)
Net (purchase) disposal of investments	(10,404,768)	2,988,324
Loans receivable issued	(1,200,000)	-
Endowment contribution (Athletic)	650,000	-
	<u>(16,735,311)</u>	<u>(3,077,181)</u>
Increase (decrease) in cash	(8,051,293)	15,421,842
Cash, beginning of year	17,511,359	2,089,517
Cash, end of year	<u>\$ 9,460,066</u>	<u>\$ 17,511,359</u>
Supplemental information:		
Interest paid on debt and capital leases	<u>\$ 2,708,268</u>	<u>\$ 2,785,118</u>

See accompanying notes to financial statements.

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

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:

The 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.

(b) Revenue recognition:

The University follows the deferral method of accounting for revenues. 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.

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.

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

1. Significant accounting policies (continued):

(b) Revenue recognition (continued):

- (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, are recorded as a direct increase in net assets invested in capital assets rather than as revenue.
- (vii) Endowment contributions stipulating that the principal should be retained in perpetuity are recorded as direct increase in net assets.

(c) Inventories:

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

(d) Investments:

Investments are carried at market value. Unrealized gains and losses on investments are recognized in income during the year, based on changes in market values.

(e) 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	40 years
Furniture, fixtures and equipment	3 - 7 years
Leasehold improvements	Lesser of estimated useful life or 5 years
Library acquisitions	10 years
Software	3 years

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

1. Significant accounting policies (continued):

(e) Capital assets (continued):

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.

(f) Employee future benefits:

Accrued retirement/termination and vacation 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.

(g) Financial instruments:

The University classifies its financial instruments into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. The University has designated its assets and liabilities as follows:

- Cash and short-term and long-term investments were designated as held for trading and measured at their fair value, with changes in fair value recognized in the statement of operations;
- Accounts receivable and loans receivable have been classified as loans and receivables and are measured at amortized cost;
- Accounts payable and accrued liabilities, wages payable and debt have been classified as other financial liabilities and are measured at amortized cost; and
- All derivative instruments, including embedded derivatives, are recorded in the statement of operations at fair value unless exempted from derivative treatment as a normal purchase and sale. All changes in their fair value are also recorded in the statement of operations. The University has elected to apply this treatment to the interest rate swap agreement related to the University's term loan in note 8.

Disclosure of the financial significance of financial instruments to the University's financial position, performance and cash flows, and to assist in assessing the amounts, timing and certainty of future cash flows associated with those instruments is located in note 14.

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

1. Significant accounting policies (continued):

(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.

(i) Accounting pronouncements issued and effective for the current fiscal year:

The following new CICA Handbook sections have been issued and become effective for the University, as of its fiscal year commencing April 1, 2008:

Section 3031 "Inventories", which prescribe the accounting treatment for inventories, particularly the determination of inventory cost and its subsequent recognition as an expense, including any write-down to net realizable value. The adoption of this section is not expected to significantly impact the University's financial statements.

Section 3862 "Financial Instruments - Disclosure" and Section 3863 "Financial Instruments - Presentation", which require expanded financial instrument disclosure and presentation standards from those prescribed in Section 3861 "Financial Instruments – Disclosure and Presentation", including increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA announced during the University's 2008 fiscal year that not-for-profit organizations, including entities such as the University, may elect to continue to apply Section 3861 in place of Sections 3862 and 3863. Accordingly, the University has elected to continue to apply the financial instrument disclosure and presentation standards in Section 3861 in its March 31, 2009 financial statements.

Section 1535 "Capital Disclosures" – under this new standard, the University is required to disclose both qualitative and quantitative information that enables users of the financial statements to evaluate the University's objectives, policies, and processes for managing capital. It also includes disclosure regarding what the University regards as capital, whether the University has complied with any external requirements and in the event of non-compliance, the consequences of not complying with these capital requirements (note 16).

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

1. Significant accounting policies (continued):

- (i) Accounting pronouncements issued and effective for the current fiscal year (continued):

Section 1400 "General Standards of Financial Statement Presentation", which includes requirements for management to assess and disclose an entity's ability to continue as a going concern. Management has made its assessment and concluded there is no issue regarding the University's ability to continue as a going concern based on the assumption that the current funding levels are maintained and any committed additional future funding is received. If there are significant declines in funding, expenditures will be adjusted to match committed funding.

- (j) Accounting pronouncements issued but not yet effective:

The CICA has decided to transition Canadian GAAP for publicly accountable entities to International Financial Reporting Standards (IFRS) effective January 1, 2011. The University is currently classified as a not-for-profit organization. The Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) have jointly issued an Invitation to Comment to invite feedback on the future of financial reporting by not-for-profit organizations. In addition, PSAB has issued an Invitation to Comment on the future financial reporting of government organizations. The University is in the process of reviewing the impact of these documents on its reporting framework and financial statements.

In September 2008, the CICA made certain amendments to the Handbook Section 4400, "Financial Statement Presentation by Not-for Profit Organizations" and Section 4470 "Disclosure of Allocated Expenses by Not-for-Profit Organizations". The amendments are effective for the University's fiscal year commencing April 1, 2009 and include removal of requirements to treat net assets invested in capital assets as a separate component of net assets. The adoption of the amended standards is not expected to significantly impact the University's financial statements.

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

2. Investments:

Investments consist primarily of bonds with various maturity dates and interest rates with a weighted average rate of return of 5.28% (2008 - 5.33%). Included in the cost of investments are funds held in trust for employees who participate in the deferred salary plan. At March 31, 2009, funds held in trust for this plan were \$197,951 (2008 - \$155,618) and the liability associated with the plan is recorded in wages payable.

The balance in investments consists of:

2009	Cost	Accrued interest	Unrealized Gain (loss)	Market
Short-term	\$ 1,093,503	\$ 404,406	\$ 23,494	\$ 1,521,403
Long-term	36,993,322	6,788,857	(46,878)	43,735,301
	\$ 38,086,825	\$ 7,193,263	\$ (23,384)	\$ 45,256,704

2008	Cost	Accrued interest	Unrealized Gain (loss)	Market
Short-term	\$ 211,597	\$ 171,710	\$ -	\$ 383,307
Long-term	29,061,878	5,430,138	1,575,269	36,067,285
	\$ 29,273,475	\$ 5,601,848	\$ 1,575,269	\$ 36,450,592

3. Accounts receivable:

	2009	2008
Student	\$ 1,184,529	\$ 788,229
Trade	4,184,697	2,972,690
Other	1,058,033	261,628
Government of British Columbia	-	692,500
	\$ 6,427,259	\$ 4,715,047

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

4. Loan receivable:

The loan receivable consists of a \$1.2 million loan to the Thompson Rivers University Student Union, which is repayable in annual principal installments of \$80,000, bears interest at 5.75% per annum and is due April 26, 2026. The loan is secured by current and future student union fees charged by the Thompson Rivers Student Union. The portion of the loan receivable due in the upcoming fiscal year, \$80,000, is included in current assets.

5. Capital assets:

			2009	2008
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 2,238,229	\$ -	\$ 2,238,229	\$ 2,238,229
Site improvements	7,741,735	6,126,575	1,615,160	1,666,383
Buildings	118,835,307	35,013,619	83,821,688	86,573,434
Furniture, fixtures and equipment	39,023,796	33,522,330	5,501,466	6,366,632
Library acquisitions	9,028,992	6,787,746	2,241,246	2,291,614
Software	2,634,329	291,274	2,343,055	926,021
Construction in progress	1,710,007	-	1,710,007	-
	181,212,395	81,741,544	99,470,851	100,062,313
Assets acquired under capital lease obligation:				
Building	39,642,325	2,055,192	37,587,133	38,614,729
Furniture and fixtures	2,266,177	647,480	1,618,697	1,942,437
	41,908,502	2,702,672	39,205,830	40,557,166
	\$ 223,120,897	\$ 84,444,216	\$ 138,676,681	\$ 140,619,479

The University has leased land to a third party for student residence buildings at the Kamloops Campus. The 42 year lease expires August 31, 2047, at which time the buildings become the property of the University.

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

6. Deferred contributions:

Deferred contributions represent unspent resources externally restricted for a particular purpose in a subsequent period.

	Sponsored research & specific purpose	Capital assets	Operating & other	2009 Total	2008 Total
Opening balance	\$6,254,398	\$3,221,173	\$6,437,457	\$15,913,028	\$13,713,816
Contributions received in the year	5,002,237	6,185,963	66,749,251	77,937,451	75,828,677
Other revenues collected	3,535,103	637,623	62,205,699	66,378,425	69,415,284
Transfer of unrealized loss on investments to revenue	-	-	1,598,652	1,598,652	451,683
Transferred to revenue or deferred capital contributions	(9,878,803)	(5,445,769)	(130,435,280)	(145,759,852)	(143,496,432)
Balance, end of year	\$4,912,935	\$4,598,990	\$6,555,779	\$16,067,704	\$15,913,028

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

7. Employee future benefits:

(a) Accrued retirement/termination and vacation liability:

Certain employees groups 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.

Information about employee retirement/termination and vacation benefits is as follows:

	2009	2008
Accrued benefit obligation:		
Retirement/termination benefits	\$ 6,203,286	\$ 5,864,982
Vacation pay benefits	6,241,461	5,940,264
Total obligation	12,444,747	11,805,246
Current portion	(6,457,461)	(6,420,264)
Long-term portion	\$ 5,987,286	\$ 5,384,982
Retirement/termination and vacation pay expense included in salaries and benefits expense	\$ 513,409	\$ 641,583

(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 3,500 retired members. The Municipal Pension Plan has about 150,000 active members, with approximately 5,000 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, 2006 indicated an unfunded liability of \$54 million for basic pension benefits. The next valuation will be as at August 31, 2009 with results available in 2010. The most recent valuation for the Municipal Pension Plan as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the unfunded liability to individual employers. The Thompson Rivers University paid \$5,399,207 (2008 - \$4,908,784) for employer contributions to the Plans in fiscal 2009.

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

8. Debt:

	2009	2008
Ministry of Finance commercial paper, unsecured, bears interest at the rate of 0.44% and is repayable at maturity on April 16, 2009. Subsequent to year-end this instrument was refinanced at a rate of 0.36% and a maturity date of July 16, 2009.	\$ 2,000,000	\$ 2,217,122
Ministry of Finance commercial paper, unsecured, bears interest at the rate of 0.35% and is repayable at maturity on May 1, 2009.	4,500,000	4,500,000
Canadian Imperial Bank of Commerce term loan (Thompson Rivers University 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.	1,114,095	1,167,294
Canadian Imperial Bank of Commerce, term loan, maturing December 2019, repayable in quarterly installments of \$257,966 including interest 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. Included is an unrealized loss of \$1,834,333 (2008 - \$1,011,472) from the interest rate swap	9,869,397	9,556,471
	17,483,492	17,440,887
Current portion of debt	(7,098,713)	(7,280,421)
	<u>\$ 10,384,779</u>	<u>\$10,160,466</u>

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

2010	\$ 7,098,713
2011	636,375
2012	676,413
2013	718,974
2014	764,223
Thereafter	7,588,794

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

9. 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, 2009

9. 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:

	2009	2008
Year ending March 31:		
2009	\$ -	\$ 2,441,419
2010	2,441,419	2,441,419
2011	2,441,419	2,441,419
2012	2,441,419	2,441,419
2013	2,441,419	2,441,419
2014	2,441,419	2,441,419
Thereafter	81,016,118	81,016,118
Total minimum lease payments	93,223,213	95,664,632
Less: amount representing interest at 5.14% per annum	(52,139,365)	(54,238,318)
Present value of net minimum capital lease payments	41,083,848	41,426,314
Less: current portion of obligations under capital lease	(360,295)	(342,466)
Long-term portion of obligations under capital lease	\$ 40,723,553	\$ 41,083,848

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

10. 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.

	2009	2008
Balance, beginning of year	\$ 69,547,579	\$ 70,062,067
Contributions received for capital purposes	2,001,110	2,557,149
Transfer from deferred revenue	1,242,500	424,495
	3,243,610	2,981,644
Less current year's amortization	(3,510,721)	(3,496,132)
Balance, end of year	\$ 69,280,468	\$ 69,547,579

11. Invested in capital assets:

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

	2009	2008
Capital assets	\$ 138,676,681	\$ 140,619,479
Debt used for capital asset acquisitions	(12,983,492)	(12,940,887)
Amounts financed by deferred capital contributions	(69,280,468)	(69,547,579)
Capital lease obligations	(41,083,848)	(41,426,314)
Balance, end of year	\$ 15,328,873	\$ 16,704,699

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

12. Internally restricted fund balances:

Funds that are internally restricted include faculty and departmental carry forwards, specific purpose and other reserves. These internally restricted reserves are described in more details below:

	2009	2008
Designated, trust and specific purpose reserves	\$ 8,852,501	\$ 7,351,425
Faculty and department carry forwards	4,277,805	3,630,189
International capital and operational reserve	2,612,579	2,124,952
Residence repair and replacement reserve	114,684	-
Endowment (Athletic)	650,000	-
	<hr/>	<hr/>
	\$ 16,507,569	\$ 13,106,566

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

Faculty and department carry forwards 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 Program and Operations.

Residence repair and replacement reserves are set aside for repairs to and replacements of the building, lands, the furniture, fixtures and equipment or parts of them, excluding the Penthouse Units, which are capital in nature.

Endowment principal must be maintained in perpetuity. The investment income generated from endowments can be spent only in accordance with the various purposes established by the donors or the University's Board of Governors.

13. Commitments and contingencies:

- (a) The University is committed to payments under various operating leases for land and buildings with various expiry dates through September 2017. The minimum lease payments required under the terms of the leases are \$256,563 for fiscal 2010, \$124,740 for fiscal 2011, \$122,540 for fiscal 2012, \$122,540 for fiscal 2013 and \$122,540 for fiscal 2014.
- (b) The University has contracts with third parties for computer and photocopier equipment leases with various expiry dates through July 2012 with minimum lease costs of approximately \$1,152,216 in 2010, \$692,894 in fiscal 2011, \$362,662 in fiscal 2012 and \$55,565 in fiscal 2013.

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

13. Commitments and contingencies (continued):

- (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 2008/2009 Aquatic Centre operating loss amounted to \$150,000 (2007/2008 - \$150,000).
- (d) The University has commenced construction of a new library, "House of Learning", with scheduled completion for fall of 2010. The total construction budget for the project is approximately \$31,700,000. During the term of the project various commitments on contractual relationships will be entered into to complete the building. The University plans to finance the project through a combination of grants, donations and debt.

14. Financial instruments:

- (a) Fair value:

Assets and liabilities designated as held for trading include cash, short-term, long-term investments and derivative instruments are measured in the statement of financial position at fair value. The fair value for accounts receivable, accounts payable, accrued liabilities and wages payable approximate their carrying value due to the relatively short term to maturity of these instruments. It is not practical to determine the fair value of loans receivable as comparative market information for such is not readily available. The fair value of debt balances approximate their carrying value as they bear interest at rates not significantly different than market rates for similar instruments.

- (b) Interest rate risk:

The University is exposed to interest rate risk in respect of its short-term and long-term investments, which earn interest income at fixed rates as disclosed in note 2, and its debt, which bears interest at fixed rates as disclosed in note 8. The University has entered into an interest rate swap agreement to manage its interest rate fluctuation exposure with regards to its Canadian Imperial Bank of Commerce term loan.

- (c) Credit risk:

It is management's opinion that the University is not subject to significant credit risk associated with its financial instruments.

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

15. Related organizations:

The University exercises significant influence over the following organizations, which have not been consolidated into the University's financial statements.

(a) The TRU Foundation (the "Foundation"):

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, 2009 the Foundation holds endowment fund balances for the benefit of the University and its students of \$12,532,875 (2008 - \$10,071,971).
- (ii) The University supports the Foundation by managing their operations under the direction of the offices of the Vice President, Advancement and Vice President, Administration and Finance.

(b) The TRU Alumni Association (the "Alumni Association"):

The 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 by managing the operations under the direction of the offices of the Vice President, Advancement and Vice President, Administration and Finance.

THOMPSON RIVERS UNIVERSITY

Notes to Financial Statements

Year ended March 31, 2009

15. Related organizations (continued):

Unaudited financial information in respect of the net assets and results from operations and cash flows of the Foundation and Alumni Association are summarized as follows:

	Foundation		Alumni Association	
	2009	2008	2009	2008
Net assets:				
Total assets	\$ 13,841,943	\$ 10,844,396	\$ 18,570	\$ 11,020
Total liabilities	947,510	9,160	15,147	4,054
Net assets	\$ 12,894,433	\$ 10,835,236	\$ 3,423	\$ 6,966
Operations:				
Revenues	\$ 4,930,086	\$ 4,427,179	\$ 55,620	\$ 206,311
Expenses	2,870,889	2,762,585	59,164	227,532
Excess (deficiency) of revenue over expenses	\$ 2,059,197	\$ 1,664,594	\$ (3,544)	\$ (21,221)
Cash flows:				
Operating activities	\$ 4,369,869	\$ 837,641	\$ 7,036	\$ (14,909)
Investing activities	\$ (3,621,735)	\$ (588,638)	\$ -	\$ -

16. Net asset management:

The University defines operating capital to be net assets. The University receives its principal source of operating capital through funding received from the Province of British Columbia and tuition fees. The University's objective when managing operating capital is to fund its operations, capital asset additions, and to conduct specific research. The University manages the operating capital structure in conjunction with the Province of British Columbia and makes adjustments based on available government funding and economic conditions. Currently, the University's strategy is to monitor expenditures to preserve operating capital. Funding received for designated purposes must be used for the purpose outlined in the funding letter. The University has complied with the external restrictions on the funding provided.