THOMPSON RIVERS UNIVERSITY

Consolidated Financial Statements

For the year ended March 31, 2015

THOMPSON RIVERS UNIVERSITY

Index to Consolidated Financial Statements

Year ended March 31, 2015

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The University is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and the Province of British Columbia direction outlined in note 2(a). This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting measurement of transactions in which objective judgment is required. In fulfilling its responsibilities and recognizing the limits inherent in all systems, the University's management 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 management.

The Board of Governors carries out its responsibility for review of the consolidated 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 management 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 management.

The consolidated financial statements have been examined by KPMG LLP, Chartered Accountants, the external auditors appointed by the University's Board of Governors. The Independent Auditor's Report outlines the nature of their examination and expresses an opinion on the consolidated financial statements of the University for the year ended March 31, 2015.

On behalf of the University:

________________ Board Chair, Brian Ross

________________ Vice-President Administration and Finance, Matt Milovick

KPMG LLP
Chartered Accountants
200-206 Seymour Street
Kamloops BC V2C 6P5
Canada

Telephone (250) 372-5581
Fax (250) 828-2928
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Thompson Rivers University, and
To the Minister of Advanced Education, Province of British Columbia

We have audited the accompanying consolidated financial statements of Thompson Rivers University (the "University"), which comprise the consolidated statements of financial position as at March 31, 2015, the consolidated statements of operations and accumulated surplus, changes in net debt, cash flows and remeasurement gains and losses for the year ended March 31, 2015 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of Thompson Rivers University as at March 31, 2015 and for the year ended March 31, 2015 are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(a) to the consolidated financial statements which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

May 29, 2015

Kamloops, Canada

THOMPSON RIVERS UNIVERSITY

Consolidated Statement of Financial Position

March 31, 2015 with comparative figures for 2014
(thousands of dollars)

			2015		2014
Financial Assets					
Cash and cash equivalents	(Note 4)	$	31,242	$	16,527
Accounts receivable	(Note 5)		10,258		13,381
Inventories for resale			1,746		2,013
Loan receivable	(Note 6)		720		800
Investments	(Note 7a)		52,296		49,046
		$	96,262	$	81,767
Liabilities					
Accounts payable and accrued liabilities	(Note 8)	$	28,186	$	26,432
Employee future benefits	(Note 9b)		4,821		5,300
Deferred contributions	(Note 10)		8,848		7,223
Debt	(Note 11)		11,300		10,888
Obligation under capital lease	(Note 12)		38,620		39,085
Deferred capital contributions	(Note 13)		85,412		88,925
		$	177,187	$	177,853
Net debt		$	(80,925)	$	(96,086)
Non-Financial Assets					
Tangible capital assets	(Note 14)	$	169,466	$	173,936
Endowments	(Note 16)		6,225		650
Inventories held for use			48		29
Prepaid expense			821		805
			$176,560	$	175,420
Accumulated surplus	(Note 15)	$	95,635	$	79,334
Accumulated surplus is comprised of:					
Accumulated operating surplus	(Note 15)	$	87,760	$	78,807
Endowments	(Note 16)		6,225		650
Accumulated remeasurement gains and losses			1,650		(123)
		$	95,635	$	79,334

Contractual obligations and contingent liabilities (Note 18)
See accompanying notes to consolidated financial statements

On behalf of the Board:

Board Chair

Vice-President Administration and Finance

THOMPSON RIVERS UNIVERSITY

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2015 with comparative figures for 2014
(thousands of dollars)

	2015 Budget (Note 2(k))	2015	2014
Revenue:			
Government and other grants	$ 73,754	$ 75,052	$ 78,468
Tuition and other student fees	72,139	69,241	69,385
Revenue recognized from deferred capital contributions	4,500	4,619	4,666
Contract and other revenue	4,868	4,222	3,832
Donations	1,148	2,585	1,822
Investment income	2,378	3,080	2,623
Retail sales, parking, and residence	17,897	15,820	15,904
	176,684	174,619	176,700
Expenses (Note 19):			
Academic instruction	87,006	86,930	92,915
Student support and general operations	47,536	43,798	43,072
Facility operation and maintenance	21,108	19,150	19,152
Research	3,717	2,900	3,425
Ancillary operations	13,658	12,888	13,915
	173,025	165,666	172,479
Annual operating surplus before restricted contributions	$ 3,659	$ 8,953	$ 4,221
Endowment contributions	-	5,575	-
Annual surplus	$ 3,659	$ 14,528	$ 4,221
Accumulated operating surplus, beginning of year	78,807	78,807	74,586
Endowments, beginning of year	650	650	650
Accumulated operating surplus, end of year	82,466	87,760	78,807
Endowments, end of year	650	6,225	650
Allocations of annual surplus:			
Endowments	$ -	$ (5,575)	$ -
Internally funded capital projects	(947)	(3,470)	(8,249)
Board reserve	(1,900)	(1,900)	(1,930)
International building and operational reserves	(1,480)	(2,846)	(1,588)
Faculty, department and other reserves	-	(1,169)	(443)
	(4,327)	(14,960)	(12,210)
Unallocated annual surplus/(deficit)	$ (668)	$ (432)	$ (7,989)

See accompanying notes to consolidated financial statements

THOMPSON RIVERS UNIVERSITY
Consolidated Statement of Changes in Net Debt

Year ended March 31, 2015 with comparative figures for 2014
(thousands of dollars)

	2015 Budget (Note 2(k))	2015	2014
Annual surplus	$ 3,659	$ 14,528	$ 4,221
Capital activities			
Acquisition of tangible capital assets	(947)	(4,576)	(10,422)
Amortization of tangible capital assets	8,936	9,046	9,080
	7,989	4,470	(1,342)
Changes in non-financial assets			
Consumption (acquisition) of prepaid expenses	-	(16)	596
Endowments	-	(5,575)	-
Acquisition of inventories held for use	-	(19)	-
	-	(5,610)	596
Net Remeasurement gains (losses)	-	1,773	(519)
Decrease in net debt for the year	11,648	15,161	2,956
Net debt, beginning of year	(96,086)	(96,086)	(99,042)
Net debt, end of year	$ (84,438)	$ (80,925)	$ (96,086)

See accompanying notes to consolidated financial statements

THOMPSON RIVERS UNIVERSITY

Consolidated Statement of Cash Flows

Year ended March 31, 2015 with comparative figures for 2014
(thousands of dollars)

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 14,528	$ 4,221
Items not involving cash:		
Amortization of tangible capital assets	9,046	9,080
Revenue recognized from deferred capital contributions	(4,619)	(4,666)
Change in non-cash operating working capital:		
Accounts receivable	3,123	(1,037)
Prepaid expenses	(16)	596
Inventories held for use	(19)	-
Inventories for resale	267	32
Accounts payable	1,754	(4,599)
Employee future benefits	(479)	(314)
Deferred contributions	1,625	1,277
Net change in cash from operating activities	25,210	4,590
Capital activities:		
Acquisition of tangible capital assets	(4,576)	(10,422)
Investing activities:		
Investments	(3,250)	(1,732)
Endowments	(5,575)	-
Loan receivable	80	80
Financial instruments	2,188	(769)
Net change in cash from investing activities	(6,557)	(2,421)
Financing activities:		
Debt	412	(997)
Deferred capital contributions	1,106	2,173
Obligations under capital lease	(465)	(441)
Financial instruments	(415)	250
Net change in cash from financing activities	638	985
Net change in cash and cash equivalents	14,715	(7,268)
Cash and cash equivalents, beginning of year	16,527	23,795
Cash and cash equivalents, end of year	$ 31,242	$ 16,527

See accompanying notes to consolidated financial statements

THOMPSON RIVERS UNIVERSITY

Consolidated Statement of Remeasurement Gains and Losses

Year ended March 31, 2015 with comparative figures for 2014
(thousands of dollars)

	2015	2014
Unrealized gains (losses) at beginning of year attributed to:		
Derivatives	$ 415	$ 165
Portfolio investments, including cash equivalents	(538)	231
	(123)	396
Unrealized gains (losses) during the year:		
Derivatives	22	250
Portfolio investments, including cash equivalents	2,130	(906)
	2,152	(656)
Gains (losses) reclassified to the statement of operations	(379)	137
Net remeasurement gains (losses) for the year	1,773	(519)
Accumulated remeasurement gains (losses) at end of year	1,650	(123)
Unrealized gains (losses) at the end of year attributed to:		
Derivatives	-	415
Portfolio investments, including cash equivalents	1,650	(538)
	$ 1,650	$ (123)

See accompanying notes to consolidated financial statements

1. Authority and purpose

Thompson Rivers University (the "University") operates under the authority of the Thompson Rivers University Act of British Columbia. 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 is therefore exempt from income taxes under section 149 of the Income Tax Act.

The University offers a broad range of program options including graduate and undergraduate degrees, career diplomas, and trades training at its Kamloops and Williams Lake campuses through on campus and distance learning opportunities.

2. Summary of significant accounting policies

The consolidated financial statements of the University are prepared by management in accordance with the basis of accounting described below. Significant accounting policies of the University are as follows:

(a) Basis of accounting

These consolidated financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections.

Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

For British Columbia tax-payer supported organizations, these contributions include government transfers and restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires that:

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and
- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

2. Summary of significant accounting policies (continued)

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid investments.

(c) Financial instruments

(i) Fair value category: Portfolio investments that are quoted in an active market are reflected at fair value as at the reporting date. Other financial instruments which the University has designated to be recorded at fair value include derivative instruments, cash and cash equivalents. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reversed from the Statement of Remeasurement Gains and Losses.

(ii) Cost category: Realized gains, losses and interest expense are recognized in the Statement of Operations when the financial asset is derecognized due to disposal or impairment. Accounts receivable, accounts payable and accrued liabilities are measured at cost. Any gains, losses or expenses are recorded in the annual surplus (deficit) depending on the nature of the financial asset or liability that gave rise to the gains, losses or expenses. Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt. Interest is accrued on loans receivable to the extent it is deemed collectible.

(d) Investment in Government Business Enterprises

Investments in Government Business Enterprises (GBEs) are accounted for using the modified equity method as required by Public Sector Accounting Standards. Under this method, the University records only the investment in the business enterprise, net income or loss of the GBE and other adjustments to equity but does not consolidate all transactions and balances. Under the modified equity method no adjustment is made to conform to the accounting policies of government, with the exception that if other comprehensive income exists, it is accounted for as an adjustment to accumulated surplus. GBEs report using the International Financial Reporting Standards framework. Inter-organizational transactions and balances are not eliminated, except for any profit or loss on transactions between entities that involve assets that remain within the entities controlled by the University.

Currently the only GBE of the University is Thompson Rivers Community Trust (Note 7b). The trustee of the Thompson Rivers Community Trust is TRU Community Corporation which is 100% owned and consolidated by the University. The fiscal year end of the Trust is December 31, 2014. Significant transactions between the Trust's year end and the March 31, 2015 year end of the University are recognized where applicable.

2. Summary of significant accounting policies (continued)

(e) Inventories for resale

Inventories held for resale, such as books, office and paper supplies, clothing and food stuffs are recorded at the lower of cost or net realizable value. Net realizable value is the estimated selling price.

(f) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Donated assets are recorded at fair value at the date of donation. Interest is not capitalized whenever external debt is issued to finance the construction of tangible capital assets. The cost of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives shown below (land is not amortized as it is deemed to have a permanent value):

Tangible Capital Assets	Amortization Period
Land and leasehold improvements	Lesser of estimated useful life or 5 - 10 years
Buildings and buildings under capital lease	40 years
Furniture, equipment, equipment under lease and library acquisitions	3 - 10 years

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the University's ability to provide goods and services.

(i) Works of art and historic assets

Works of art and historic assets are not recorded as assets in these financial statements.

(ii) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(iii) Inventories held for use

Inventories held for use are recorded at cost and consists of office supplies.

2. Summary of significant accounting policies (continued)

(g) Employee future benefits

The University and its employees make contributions to the College Pension Plan and Municipal Pension Plan which are multi-employer joint trustee plans. These plans are defined benefit plans, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets and liabilities of the plans are not segregated by institution, the plans are accounted for as defined contribution plans and any contributions by the University to the plans are expensed as incurred.

The University offers an employee future benefits plan providing accumulated sick leave. For accounting purposes, the University measures the accrued benefit obligations and determines the expense of the fiscal period through actuarial valuations and extrapolations. Adjustments arising from changes in actuarial assumptions and actuarial gains and losses are amortized over the Expected Average Remaining Service Lifetime (EARSL) of active employees.

Vacation benefits for the University's unionized and exempt employees are accrued as earned. The obligations under these benefits are based on the applicable collective agreements for the faculty and support employees, and the employment contracts for exempt employees.

(h) Revenue recognition

Tuition, student fees and sales of goods and services are recognized as revenue in the period to which they apply.

Unrestricted donations and grants are recorded as revenue when receivable if the amounts can be estimated and collection is reasonably assured.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions placed on the use of the funds by the contributors as follows:

(i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, in each case for use in providing services are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

(ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.

(iii) Contributions required to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as revenue for the portion to be held in perpetuity and as deferred contributions for the investment income earned thereon.

(iv) The University leases land to third parties as described in Note 12. Cash received from land leases is recognized to revenue in the period to which it applies.

2. Summary of significant accounting policies (continued)

(v) Investment income includes interest recorded on an accrual basis and dividends recorded as declared, realized gains and losses on the sale of investments, and write downs on investments where the loss in value is determined to be other-than-temporary.

(i) Use of estimates

The preparation of the financial statements in accordance with Canadian Public Sector Accounting standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, and related disclosures. Key areas where management has made estimates and assumptions include those related to the determination of useful lives of tangible capital assets for amortization and the amortization of related deferred capital contributions, present value and provisions for employee future benefits. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

(j) Foreign currency translation

The University's functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities which were designated in the fair value category under the financial instrument standards are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the statement date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or balance sheet date is recognized in the Statement of Remeasurement Gains and Losses. In the period of settlement, the related cumulative remeasurement gain/loss is reversed in the Statement of Remeasurement Gains and Losses and the exchange gain or loss in relation to the exchange rate at the date of the item's initial recognition is recognized in the Statement of Operations.

(k) Budget figures

Budget figures have been provided for comparative purposes and have been compiled from the 2014/15 Revenue & Expenditure Plan approved by the University's Board of Governors on May 30, 2014. The budget is reflected in the Statement of Operations and Accumulated Surplus, Statement of Changes in Net Debt and in Note 19, Expenses by object.

3. Comparative figures

Certain 2014 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

4. Cash and cash equivalents

	In thousands	
	2015	2014
Restricted cash	$ 1,022	$ 1,022
Unrestricted cash and cash equivalents	30,220	15,505
	$ 31,242	$ 16,527

Restricted cash consists of $1.02 million deposited into a lock box account at Desjardins Trust Inc. for the monthly capital lease payments.

5. Accounts receivable

	In thousands 2015	In thousands 2014
Trade	$ 2,935	$ 3,749
Student and sponsor	2,959	3,174
Related parties	5,284	6,613
Allowance for doubtful accounts	(920)	(155)
	$ 10,258	$ 13,381

Trade consists of amounts receivable from customers, various government agencies and universities not related to the Province of BC, and government tax credits and rebates.

Student and sponsor consists of amounts due from individual students and businesses or agencies paying tuition and/or fees on behalf of students.

Related parties consist of amounts due from various provincial government entities, the Thompson Rivers University ("TRU") Foundation, the TRU Alumni Association and employees of the University.

6. Loan receivable

	In thousands 2015	In thousands 2014
TRU Student Union term loan, receivable in annual principal installments of $80 thousand plus interest at 5.75%, due February 26, 2024, secured by current and future student union fees	$ 720	$ 800

7. Financial instruments

Fair value of financial instruments:

The financial instruments measured at fair value held within each investment are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The University's financial instruments are all considered to be level 1 instruments for which the fair value is determined based on quoted prices in active markets with the exception of the Investment in TRUCT which is not determined based on active market prices. Changes in fair valuation methods or in the availability of market observable inputs may result in a transfer between levels. During the year there were no significant transfers of securities between the different levels.

7. Financial instruments (continued)

(a) Investments

	In thousands 2015	2014
Investments are comprised of Canadian and foreign equities, government and corporate bonds with various maturity dates and investment in TRU Community Trust. The weighted average rate of return for bonds is 4.78% (March 31, 2014 – 4.70%)		
Cash and cash equivalents	$ 584	$ -
Equities at cost	18,193	9,104
Equities – unrealized gains	538	628
Bonds at cost	22,406	24,335
Accrued interest	10,391	10,783
Bonds - unrealized gains	6,284	4,846
Investment in Government Business Enterprise (Note 7b)	125	
	$ 58,521	$ 49,696
Portfolio and other investments	52,296	49,046
Endowments	6,225	650
	$ 58,521	$ 49,696

(b) Investment in Government Business Enterprises

Included in Investments is TRU's investment in the Thompson Rivers University Community Trust ("TRUCT"). TRUCT was established October 2011 but commenced operations in 2014. The purpose of TRUCT is to develop a "University Village" property. The University granted TRUCT the ability to sell 99 year leases on portions of land owned by the University. The beneficiaries of the TRUCT are the University and TRU Foundation.

The investment in TRUCT is determined as follows:	In thousands 2015	2014
Investment in TRUCT	$ 328	$ -
Loss for the year	(203)	-
Net investment in TRUCT	$ 125	$ -

Financial information as of December 31, 2014 for TRUCT is as follows:

	In thousands 2014	2013
Assets	$ 34	$ -
Liabilities	(237)	-
Equities	(203)	-
Revenues	-	-
Expenses	203	-
Net Loss	$ (203)	$ -

7. Financial instruments (continued)

(c) Interest rate swap

	In thousands	
	2015	2014
Interest rate swap on CIBC term loan repaid in the year		
Principal amount	$ -	$ 4,953
Unrealized loss	-	635
	$ -	$ 5,588

8. Accounts payable and accrued liabilities

	In thousands	
	2015	2014
Trade payable and accrued liabilities	$ 13,110	$ 12,237
Wages payable	7,381	6,733
Accrued vacation payable	7,695	7,462
	$ 28,186	$ 26,432

9. Employee future benefits

(a) Pension benefits

The college and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trusteed pension plans. The board 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 based on a formula. As at August 31, 2014, the College Pension Plan has about 14,000 active members from college senior administration and instructional staff and approximately 6,000 retired members. As at December 31, 2013, the Municipal Pension Plan has about 182,000 active members, with approximately 5,800 from colleges.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2012 indicated a $105 million funding deficit for basic pension benefits. The next valuation will be August 31, 2015, with results available in 2016. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2012 indicated a $1,370 million funding deficit for basic pension benefits. The next valuation will be December 31, 2015, with results available in 2016. Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans records accrued liabilities and accrued assets for the plans in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

The University paid $7.86 million for employer contributions to the plans in 2015 (2014 - $7.79 million).

9. Employee future benefits (continued)

(b) Accumulated sick leave and other retirement benefit arrangements liability:

The University sponsors a benefit plan that provides post-employment benefits to certain employees. The benefits offered to employees include vested and non-vested sick leave. The plan does not require any contributions from employees. The accrued benefit obligation and the net periodic benefit cost were estimated for a 5 year period by an actuarial valuation completed on March 18, 2015.

The benefit liability at March 31, 2015 includes the following components:

	In thousands 2015	2014
Accrued benefit obligation, beginning of year	$ 4,728	$ 5,614
Current service cost	275	285
Interest cost	138	168
Benefits paid	(828)	(767)
Actuarial loss (gain)	29	(572)
Accrued benefit obligation, end of year	4,342	4,728
Unamortized net actuarial gain	479	572
Accrued benefit liability, end of year	$ 4,821	$ 5,300

The benefit expense at March 31, 2015 for employee future benefits includes the following components:

	In thousands 2015	2014
Current service cost	$ 275	$ 285
Interest cost	138	168
Amortization of net actuarial gain	(64)	-
Employee future benefit expense	$ 349	$ 453

The significant actuarial assumptions adopted in measuring the University's accrued benefit obligation are as follows:

Measurement date of accrued benefit obligation:	March 31, 2015
Beginning of period discount rate, April 1, 2014	3.00%
End of period discount rate, March 31, 2019	2.85%
Expected future salary increase	2.50%
Expected average remaining service lifetime of active employees (EARSL)	9 years

10. Deferred contributions

Deferred contributions are comprised of funds restricted for the following purposes:

	In thousands 2015	In thousands 2014
Tangible capital assets	$ 2,172	$ 1,128
Sponsored research and specific purpose	1,985	2,370
Operating and other	3,707	3,725
Endowment	984	-
	$ 8,848	$ 7,223

Changes in the deferred contribution balance are as follows:

In thousands 2015	Tangible capital assets	Sponsored research & specific purpose	Operating & other	Endowment	Total
Balance, beginning of year	$ 1,128	$ 2,370	$ 3,725	$ -	$ 7,223
Contributions & other revenue received during the year	2,150	3,834	164,785	6,581	177,350
Transfer to deferred capital contribution	(1,106)	-	-	-	(1,106)
Recognition to revenue	-	(4,219)	(164,803)	(5,597)	(174,619)
Balance, end of year	$ 2,172	$ 1,985	$ 3,707	$ 984	$ 8,848

In thousands 2014	Tangible capital assets	Sponsored research & specific purpose	Operating & other	Total
Balance, beginning of year	$ -	$ 3,697	$ 2,249	$ 5,946
Contributions & other revenue received during the year	3,301	6,182	170,667	180,150
Transfer to deferred capital contribution	(2,173)	-	-	(2,173)
Recognition to revenue	-	(7,509)	(169,191)	(176,700)
Balance, end of year	$ 1,128	$ 2,370	$ 3,725	$ 7,223

11. Debt

	In thousands	
	2015	2014
Ministry of Finance commercial paper, unsecured, bears interest at the rate of 0.98% per annum, repayable at maturity on November 18, 2015.	$ 4,500	$ 4,500
Bank of Montreal unsecured demand loan, bears interest at 1.99%, repayable at maturity on May 31, 2015.	6,000	-
Bank of Montreal unsecured demand loan, bears interest at Bank of Montreal prime, repayable at maturity on January 3, 2016. Bank of Montreal prime on March 31, 2015 was 2.85%.	800	800
Canadian Imperial Bank of Commerce loan, repaid.	-	5,588
	$ 11,300	$ 10,888

Principal repayments are estimated as follows:

	In thousands
2016	$ 11,300

12. Obligation under capital lease

The University has entered into a Land Lease agreement 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 thousand for the term of the agreement. The University will pay Dacon a surrender fee at the end of the lease equal to Dacon's net investment in 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) 60% of the free cash flow each year (net of a contribution to a capital reserve fund) from the residence as defined in the sublease.

12. Obligation under capital lease (continued)

The University has entered into a Management Agreement with Dacon and Campus Living Centres Inc. ("CLC"). 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.

The above agreements are recognized in the financial statements of the University as assets acquired under a capital lease and a capital lease obligation. The minimum future lease payments are as follows:

	In thousands 2015	2014
Year ending March 31:		
2015	$ -	$ 2,441
2016	2,441	2,441
2017	2,441	2,441
2018	2,441	2,441
2019	2,441	2,441
2020	2,441	2,441
Thereafter	66,368	66,370
Total minimum lease payments	78,573	81,016
Less amounts representing interest at 5.14% per annum (March 31, 2014 – 5.14%)	(39,953)	(41,931)
Present value of net minimum capital lease payments	$ 38,620	$ 39,085

Total interest under capital lease payments for the year was $2.0 million (2014 - $2.0 million).

13. Deferred capital contributions

Contributions for the purpose of acquiring tangible capital assets are referred to as deferred capital contributions. Amounts are recognized into revenue as the liability is extinguished over the useful life of the asset. Treasury Board regulation 198/2011 provided direction on accounting treatment of restricted capital contributions.

Changes in the deferred capital contributions balance are as follows:

	In thousands 2015	2014
Balance, beginning of year	$ 88,925	$ 91,418
Contributions received during the year		
Government Grants	1,112	1,600
Donations	156	573
Amounts deferred	(162)	-
	1,106	2,173
Less: revenue recognized from deferred capital contributions	(4,619)	(4,666)
Balance, end of year	$ 85,412	$ 88,925

14. Tangible capital assets

In thousands

March 31, 2015	Land and leasehold improvements	Buildings	Building and equipment under capital lease	Furniture, equipment and library acquisitions	Total
Cost, beginning of year	$ 12,276	$ 181,740	$ 41,908	$ 66,575	$ 302,499
Additions	550	1,090	-	2,936	4,576
Cost, end of year	12,826	182,830	41,908	69,511	307,075
Accumulated amortization, beginning of year	8,309	52,214	9,459	58,581	128,563
Amortization Expense	317	4,439	1,028	3,262	9,046
Accumulated amortization, end of year	8,626	56,653	10,487	61,843	137,609
Net book value	$ 4,200	$ 126,177	$ 31,421	$ 7,668	$ 169,466

In thousands

March 31, 2014	Land and leasehold improvements	Buildings	Building and equipment under capital lease	Furniture, equipment and library acquisitions	Total
Cost, beginning of year	$ 12,050	$ 173,666	$ 41,908	$ 64,453	$ 292,077
Additions	226	8,074	-	2,122	10,422
Cost, end of year	12,276	181,740	41,908	66,575	302,499
Accumulated amortization, beginning of year	7,831	48,079	8,108	55,465	119,483
Amortization Expense	478	4,135	1,351	3,116	9,080
Accumulated amortization, end of year	8,309	52,214	9,459	58,581	128,563
Net book value	$ 3,967	$ 129,526	$ 32,449	$ 7,994	$ 173,936

Assets under construction having a value of $56 thousand (2014 - $40 thousand) have not been amortized. Amortization of these assets will commence when the asset is put into service.

15. Accumulated surplus

Accumulated operating surplus consist of the following:

	In thousands			
		2015		2014
Invested in tangible capital assets:				
Tangible capital assets	$	169,466	$	173,936
Debt used for capital asset acquisition		(10,295)		(9,867)
Amounts financed by deferred capital contributions		(85,412)		(88,925)
Capital lease obligation		(38,620)		(39,085)
		35,139		36,059
Internally restricted:				
Designated and specific purpose reserves		9,129		9,558
Faculty and department reserves		9,894		8,725
International building and operational reserves		9,202		6,356
Residence repair and replacement reserve		580		445
		28,805		25,084
Unrestricted		23,816		17,664
Total accumulated operating surplus	$	87,760	$	78,807
Endowments		6,225		650
Accumulated remeasurement gains (losses)		1,650		(123)
Accumulated surplus	$	95,635	$	$79,334

Invested in tangible capital assets represent assets purchased with unrestricted surpluses.

Designated and specific purposes reserves are set aside for future operations and projects for which specific funding has been received or allocated.

Faculty and department reserves are the unspent operating funds which faculties and departments are permitted to carry forward at the end of each year. These also include professional development and other operating funds.

International building and operational reserves are amounts set aside for future capital and operating expenditures related to the international programs and operations.

Residence repair and replacement reserve is an amount set aside for repairs to the building and repairs or replacement of furniture, fixtures and equipment.

16. Endowments

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

Changes to the endowment balances are as follows:

	In thousands 2015	2014
Balance, beginning of the year	$ 650	$ 650
Contributions received during the year	6,462	-
Restricted investment income	119	40
Expenses during the year	(22)	(40)
Portion available for distribution	(984)	-
Balance, end of year	$ 6,225	$ 650

17. Financial risk management

The Board of Governors, through management, ensures that the University has processes in place to identify and monitor major risks.

(a) Interest rate risk:

The University is exposed to the interest rate risk in respect of its portfolio investments, which earn interest income at various rates, and its debt, which bears interest at rates as disclosed in Note 11.

(b) Credit risk:

Unless otherwise disclosed in these financial statements, the University is not subject to significant credit risk associated with its financial instruments. The maximum credit risk for the University's financial assets is the carrying value of the asset.

18. Contractual obligations and contingent liabilities

(a) The University is committed to payments under various contracts and leases with various expiry dates through 2020 as detailed below:

In thousands

Year	Equipment and operating leases	Janitorial and other service contracts	Total
2016	$ 1,077	$ 3,077	$ 4,154
2017	656	2,825	3,481
2018	468	2,417	2,885
2019	227	1,425	1,652
2020	80	-	80

18. Contractual obligations and contingent liabilities (continued)

(b) 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 thousand annually. The University's proportionate contribution of the 2015 Aquatic Centre operating loss amounted to $150 thousand (2014 - $150 thousand).

(c) From time to time, the University is involved in litigation or proceedings relating to claims arising out of its operations in the ordinary course of business. It is expected that the ultimate outcome of these claims will not have a material effect on the financial position of the University. The majority of these claims are covered by the University's insurance coverage. Any University obligations that may result from these claims will be recorded in the period when it becomes likely and determinable.

19. Expenses

The following is a summary of expenses by object:

	In thousands		
	Budget	2015	2014
Advertising and public relations	$ 2,425	$ 4,271	$ 3,879
Amortization of capital assets	8,936	9,046	9,080
Bank charges, interest and bad debt	1,547	1,722	1,299
Building, equipment, operations and maintenance	9,148	7,140	7,123
Bursaries, awards and scholarships	3,220	3,120	3,475
Computer supplies and licenses	717	1,319	898
Cost of materials sold	6,014	6,300	6,886
Interest on capital lease obligation	2,000	1,975	1,998
Interest on debt	507	225	386
Leases and rentals	1,756	2,699	3,988
Professional fees and contracted services	13,001	11,070	13,384
Salaries and benefits	110,079	106,977	109,265
Supplies, postage and freight	9,123	4,842	5,434
Travel	4,552	4,960	5,384
	$ 173,025	$ 165,666	$ 172,479

20. Related organizations

The University is associated with the following organizations, which have not been consolidated into the University's financial statements.

(a) The TRU Foundation (the "Foundation") has been established for the benefit of the University and its students. During the fiscal period ending March 31, 2015 the Foundation fundraised and donated to the University $220 thousand for capital projects (2014 - $261 thousand), and $1.9 million for bursaries, scholarships, and other projects (2014 - $2.1 million). In addition, $6.354 million of research and bursaries endowment investments comprising of $5.575 million in principal endowed and $779 thousand of unrealized gains held by the Foundation for the benefit of research and bursaries at TRU were transferred to the University (2014 – Nil).

(b) The TRU Alumni Association (the "Alumni Association") has been established for the benefit of the University and its students. During the fiscal period ending March 31, 2015 the University provided support to the Alumni Association in the amount of $12 thousand (2014 - $26 thousand).

(c) Other provincial government operations:

The University is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these entities are considered to be in the normal course of operations and are recorded at the exchange amount which is the amount of consideration established and agreed to by the related parties.