

Financial Statements

**The Employees' Pension Plan of the Ontario  
College of Art & Design**

[Ontario Registration Number 0284455]

September 30, 2008

## AUDITORS' REPORT

To the Members of the Board of Governors of  
the Ontario College of Art & Design as Trustees for  
**The Employees' Pension Plan of the Ontario  
College of Art & Design**

We have audited the statement of net assets available for benefits of **The Employees' Pension Plan of the Ontario College of Art & Design** [the "Plan"] as at September 30, 2008 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's Administrator. 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 the Plan's Administrator, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at September 30, 2008 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,  
February 12, 2009.

*Ernst & Young LLP*

Chartered Accountants  
Licensed Public Accountants

**The Employees' Pension Plan of the Ontario College of Art & Design**  
[Ontario Registration Number 0284455]

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**

As at September 30

	2008	2007
	\$	\$
<b>ASSETS</b>		
Investments, at market		
Guaranteed funds	18,507,525	16,754,301
Fixed income funds	145,679	70,265
Balanced funds	1,872,255	2,165,455
Canadian equity funds	3,755,288	4,002,530
Global equity funds	716,648	707,320
American equity funds	221,654	180,353
International equity funds	81,187	21,977
Contributions receivable	—	37,534
<b>Total assets</b>	<b>25,300,236</b>	<b>23,939,735</b>
<b>LIABILITIES</b>		
Withdrawals payable	—	96,706
<b>Net assets available for benefits</b>	<b>25,300,236</b>	<b>23,843,029</b>

*See accompanying notes to financial statements.*

Approved, on behalf of the Board of Governors of the Ontario College of Art & Design:

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The Employees' Pension Plan of the Ontario College of Art & Design

STATEMENT OF CHANGES IN NET ASSETS  
AVAILABLE FOR BENEFITS

Year ended September 30

	2008	2007
	\$	\$
<b>INCREASE IN NET ASSETS</b>		
Investment income (loss)	(143,224)	1,040,750
Contributions		
Employee contributions	966,758	868,020
Employer contributions	976,595	864,120
Transfers from other plans	39,287	15,382
<b>Total increase in net assets</b>	<b>1,839,416</b>	<b>2,788,272</b>
<b>DECREASE IN NET ASSETS</b>		
Plan withdrawals <i>[note 3]</i>	382,209	1,024,467
<b>Total decrease in net assets</b>	<b>382,209</b>	<b>1,024,467</b>
<b>Net increase in net assets during the year</b>	<b>1,457,207</b>	<b>1,763,805</b>
Net assets available for benefits, beginning of year	23,843,029	22,079,224
<b>Net assets available for benefits, end of year</b>	<b>25,300,236</b>	<b>23,843,029</b>

*See accompanying notes to financial statements.*

# The Employees' Pension Plan of the Ontario College of Art & Design

## NOTES TO FINANCIAL STATEMENTS

September 30, 2008

### 1. GENERAL

The Employees' Pension Plan of the Ontario College of Art & Design [the "Plan"] came into effect on October 1, 1981. The Plan is registered under the Pension Benefits Act (Ontario), Registration Number 0284455. The Plan is a defined contribution plan covering eligible employees of the Ontario College of Art & Design [the "University"]. Trustee expenses are included in the change in unit value of the investments. The University pays all non-trustee expenditures related to Plan administration. The Plan is not obligated to reimburse the University for these amounts.

Prior to December 11, 2007, an eligible employee may contribute to the Plan each month either 3.5% of monthly earnings up to \$450 plus 5% of such earnings in excess of \$450, or 6% of monthly earnings up to \$450 plus 7.5% of such earnings in excess of \$450. The University contributes to the Plan each month an amount equal to the employee's contribution.

Effective December 11, 2007, the Plan removed the two-tier rate system and instituted one rate for the entire salary. The Plan's contribution levels have increased to 5% for the low contribution level and 7.5% for the high contribution level. This change has been applied retroactively to June 1, 2007 and July 1, 2007, as applicable.

Employees may also make voluntary contributions which are not matched by the University.

### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below:

#### Basis of presentation

The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles. They present the net assets available for benefits and the changes in net assets available for benefits of the Plan as a separate financial reporting entity independent of the University and Plan members.

# The Employees' Pension Plan of the Ontario College of Art & Design

## NOTES TO FINANCIAL STATEMENTS

September 30, 2008

### Use of estimates

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from management's best estimates as additional information becomes available.

### Investments and investment income

Investments are recorded at market value based on unit values provided by fund managers for segregated funds and as determined by the fund manager based on current market yields for guaranteed funds.

The employer contributions are invested in various guaranteed funds of The Great-West Life Assurance Company ["Great-West Life"] and earn interest at a rate that approximates the five-year guaranteed investment certificate rate at the time remittance is made to Great-West Life. After the initial five-year term, interest is earned at the then current five-year guaranteed investment certificate rate. Interest income is included in investment income in the statement of changes in net assets available for benefits as it is earned.

The employee contributions can be invested in guaranteed funds or other segregated funds such as balanced funds, Canadian equity funds, global equity funds, American equity funds and international equity funds, at the discretion of the Plan member. Distributions earned by the segregated funds are reinvested as earned. Changes in market value are included in investment income in the statement of changes in net assets available for benefits.

### Income taxes

The Plan is registered under the Pension Benefits Act (Ontario). It is a registered pension plan under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

### Future changes in accounting policies

The Canadian Institute of Chartered Accountants ["CICA"] has issued two new standards, CICA 3862: *Financial Instruments – Disclosure* and CICA 3683: *Financial Instruments – Presentation*, which enhance the abilities of users of financial statements to evaluate the significance of financial instruments to an entity, related exposures and the management of these risks.

# The Employees' Pension Plan of the Ontario College of Art & Design

## NOTES TO FINANCIAL STATEMENTS

September 30, 2008

These new standards, which will be adopted by the Plan effective October 1, 2008, will only require additional disclosures in the financial statements.

### 3. PLAN WITHDRAWALS

Plan withdrawals are made upon death, retirement and termination. Employer contributions vest after one year of participation in the Plan. After two years of participation in the Plan, employee and employer contributions become locked-in.

Plan withdrawals consist of the following:

	2008	2007
	\$	\$
Upon retirement	200,742	500,070
Upon termination	181,467	524,397
	<b>382,209</b>	<b>1,024,467</b>

### 4. FINANCIAL INSTRUMENTS

The investments are subject to interest rate and market price risks. Interest rate risk is the risk that the value of an investment will fluctuate due to changes in market interest rates. Market price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all securities traded in the market.

### 5. RELATED PARTY TRANSACTIONS

Certain administrative expenses and professional fees of the Plan are paid by the University.

### 6. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2008 financial statements.