

Financial Statements

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

[Ontario Registration Number 0284455]

September 30, 2009

## AUDITORS' REPORT

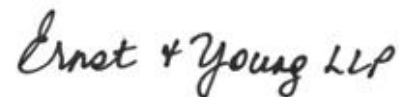
To the Pension Committee of  
**The Employees' Pension Plan of the Ontario  
College of Art & Design**

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, 2009 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, 2009 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 22, 2010.



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

	2009	2008
	\$	\$
<b>ASSETS</b>		
Investments, at market		
Guaranteed funds	19,846,820	18,507,525
Fixed income funds	269,816	145,679
Balanced funds	1,647,709	1,872,255
Canadian equity funds	3,438,122	3,755,288
Global equity funds	617,534	716,648
American equity funds	138,137	221,654
International equity funds	59,682	81,187
	<b>26,017,820</b>	25,300,236
Employee contributions receivable	4,760	—
Employer contributions receivable	5,014	—
<b>Total assets</b>	<b>26,027,594</b>	25,300,236
<b>Net assets available for benefits</b>	<b>26,027,594</b>	25,300,236

*See accompanying notes to financial statements*

Approved, on behalf of the Pension Committee:

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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

	2009	2008
	\$	\$
<b>INCREASE IN NET ASSETS</b>		
Investment income (loss)	438,888	(143,224)
Contributions		
Employer contributions	1,104,102	976,595
Employee contributions	1,085,464	966,758
Transfers from other plans	13,184	39,287
<b>Total increase in net assets</b>	<b>2,641,638</b>	<b>1,839,416</b>
<b>DECREASE IN NET ASSETS</b>		
Plan withdrawals <i>[note 3]</i>	1,914,280	382,209
<b>Total decrease in net assets</b>	<b>1,914,280</b>	<b>382,209</b>
<b>Net increase in net assets during the year</b>	<b>727,358</b>	<b>1,457,207</b>
Net assets available for benefits, beginning of year	25,300,236	23,843,029
<b>Net assets available for benefits, end of year</b>	<b>26,027,594</b>	<b>25,300,236</b>

*See accompanying notes to financial statements*

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

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2009

### **1. DESCRIPTION OF THE PLAN**

The following description of the Plan is a summary only. For more complete information, reference should be made to the Plan agreement.

#### **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"].

#### **Funding and investments**

Prior to December 11, 2007, an eligible employee contributed 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. 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 were increased to 5% for the low contribution level and 7.5% for the high contribution level. This change was 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.

The University contributes to the Plan each month an amount equal to the employee's contribution. 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.

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.

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.

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

## **NOTES TO FINANCIAL STATEMENTS**

September 30, 2009

### **Retirement benefits**

A member becomes entitled to a retirement pension at his/her date of retirement, normally at the age of 65. The retirement pension payable to a member who becomes a pensioner is provided by purchasing an annuity with the accumulated value of the member's contributions and the employer's contributions made on his/her behalf, and/or transferring the accumulated value to another available retirement income option.

### **Termination benefits**

A member who terminates employment with the University, other than through retirement, before completing one year of continuous Plan membership is entitled to receive a cash refund equal to the accumulated value of his/her contributions. A member who terminates employment with the University on or after completion of one year of continuous membership in the Plan has the option of receiving a cash refund equal to the accumulated value of his/her contributions and the employer's contributions made on his/her behalf, or a deferred retirement annuity with payments commencing on his/her normal retirement date.

### **Death benefits**

In the event of death before retirement, the member's beneficiary is entitled to a cash refund equal to accumulated value of his/her contributions and the employer's contributions made on his/her behalf.

### **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.

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

## NOTES TO FINANCIAL STATEMENTS

September 30, 2009

### 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.

#### **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 (loss)**

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.

Interest income and distributions from segregated funds are included in investment income (loss) in the statement of changes in net assets available for benefits when earned. Distributions earned by the segregated funds are reinvested as earned. Changes in market value are included in investment income (loss) in the statement of changes in net assets available for benefits.

#### **Adoption of new accounting standards**

During the year, the Plan was required to adopt The Canadian Institute of Chartered Accountants' Handbook Sections 3862 *Financial Instruments - Disclosures* and 3863 *Financial Instruments - Presentation* which enhance disclosures about the significance of financial instruments to the Plan's financial position and performance, the nature and extent of risks arising from financial instruments, and the management of these risks. These disclosures have been provided in note 4.

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

### NOTES TO FINANCIAL STATEMENTS

September 30, 2009

#### 3. PLAN WITHDRAWALS

Plan withdrawals are made upon termination, retirement and death. Plan withdrawals consist of the following:

	2009	2008
	\$	\$
Upon termination	1,091,403	181,467
Upon retirement	698,362	200,742
Upon death	124,515	—
	<b>1,914,280</b>	<b>382,209</b>

#### 4. FINANCIAL INSTRUMENTS

The purpose of the Plan is to provide retirement security for all eligible employees of the University, with all members being able to direct contributions to a mix of eligible investments based on personal preferences. Based on these preferences, the investment portfolio is subject to market, credit and liquidity risks. Market risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices. Market risk is comprised of foreign currency, interest rate and price risks. Foreign currency risk arises from investments that are denominated in foreign currencies. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in a positive or negative effect on the fair value of investments. Interest rate risk refers to the effect on the fair value or future cash flows of an investment due to fluctuations in interest rates. Price risk is the risk that the fair value of an investment will fluctuate because of changes in market prices, other than those arising from foreign currency or interest rate risk, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Credit risk on financial instruments is the risk of financial loss occurring as a result of default or insolvency of a counterparty on its obligations to the holder of the investment. Liquidity risk is the risk of being unable to settle or meet commitments as they come due.

To address the diverse investment needs and preferences of its members, the University offers a range of investment options and managers that cover the major asset classes and the risk/return spectrum appropriate for pension funds. While members remain members of the Plan, they must continue to manage the investment of their account balance by monitoring the asset allocation among the offered investments and diversifying the investments in their account. As a result, the size of a member's account balance at retirement will be directly related to the investment performance of the investment options selected by the member. Under this pension financing

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

### **NOTES TO FINANCIAL STATEMENTS**

September 30, 2009

arrangement, the members of the Plan bear the underlying financial instrument risks associated with their respective investments.

#### **5. RELATED PARTY TRANSACTIONS**

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