Financial Statements

Pension Plan for Employees of Ontario College of Art & Design University

[Formerly Pension Plan for Employees of
Ontario College of Art & Design]
[Ontario Registration Number 0284455]
September 30, 2010

ERNST & YOUNG
Quality In Everything We Do

AUDITORS' REPORT

To the Pension Committee of the
Pension Plan for Employees of
Ontario College of Art & Design University

We have audited the statement of net assets available for benefits of the **Pension Plan for Employees of Ontario College of Art & Design University** [formerly Pension Plan for Employees of Ontario College of Art & Design] as at September 30, 2010 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, 2010 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Toronto, Canada,
February 17, 2011.

Chartered Accountants
Licensed Public Accountants

Pension Plan for Employees of Ontario College of Art & Design University
[formerly Pension Plan for Employees of Ontario College of Art & Design]
[Ontario Registration Number 0284455]

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

As at September 30

	2010 $	**2009** $
ASSETS		
Investments, at fair value		
Guaranteed funds	**21,565,582**	19,846,820
Fixed income funds	**359,150**	269,816
Balanced funds	**1,690,735**	1,647,709
Canadian equity funds	**4,141,229**	3,438,122
Global equity funds	**654,625**	617,534
U.S. equity funds	**177,440**	138,137
International equity funds	**104,279**	59,682
	28,693,040	26,017,820
Employee contributions receivable	**8,762**	4,760
Employer contributions receivable	**9,100**	5,014
Total assets	**28,710,902**	26,027,594
Net assets available for benefits	**28,710,902**	26,027,594

See accompanying notes to financial statements

Approved, on behalf of the Pension Committee:

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year ended September 30

	2010 $	2009 $
INCREASE IN NET ASSETS		
Investment income	**1,200,206**	438,888
Contributions		
Employer contributions	**1,221,588**	1,104,102
Employee contributions	**1,199,504**	1,085,464
Transfers from other plans	**—**	13,184
Total increase in net assets	**3,621,298**	2,641,638
DECREASE IN NET ASSETS		
Plan withdrawals *[note 4]*	**937,990**	1,914,280
Total decrease in net assets	**937,990**	1,914,280
Net increase in net assets for the year	**2,683,308**	727,358
Net assets available for benefits, beginning of year	**26,027,594**	25,300,236
Net assets available for benefits, end of year	**28,710,902**	26,027,594

See accompanying notes to financial statements

Pension Plan for Employees of Ontario College of Art & Design University
[formerly Pension Plan for Employees of Ontario College of Art & Design]

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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 Pension Plan for Employees of Ontario College of Art & Design University [formerly Pension Plan for Employees of 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 Ontario College of Art & Design University. Bill 43, the Post-secondary Educational Statue Law Amendment Act, which was enacted June 8, 2010, included provisions to change the name of the Plan's sponsor, Ontario College of Art & Design, to Ontario College of Art & Design University [the "University"]. The Financial Services Commission of Ontario registered a change to the Plan's name to also reflect this change effective June 8, 2010.

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, U.S. equity funds and international equity funds, at the discretion of the Plan member.

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 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.

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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 fair 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.

Allocation of costs

The University pays all non-trustee expenditures related to the Plan administration which are not allocated.

Future accounting changes

In April 2010, the Canadian Institute of Chartered Accountants ["CICA"] issued CICA Handbook Section 4600 "Pension Plans". The standard establishes new reporting requirements for the measurement and presentation of information in financial statements of pension plans, as well as financial statement disclosures. The new standard must be applied on a retrospective basis by pension plans for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. The Plan has not assessed the impact of this new pronouncement.

3. INVESTMENTS

The Pension Benefits Act (Ontario) requires that individual investments greater than 1% of the total fair value of investments be separately disclosed as follows:

	2010 $
Investments greater than 1% of total investments	
Guaranteed investments (Great West Life)	
1 year compound interest account	**1,407,709**
5 year compound interest account	**20,157,873**
Income Growth Fund (Trimark)	**799,591**
Balanced Fund (Greystone)	**736,577**
Canadian Equity Fund (JF)	**314,143**
Continuum Balanced Portfolio Fund	**939,288**
Continuum Advanced Portfolio Fund	**419,993**
Canadian Equity Fund (Leith Wheeler)	**521,002**
Canadian Equity Fund (Greystone)	**1,083,713**
Global Equity Fund (Trimark)	**529,065**
	26, 908,954
Other investments less than 1% of total investments	**1,784,086**
	28,693,040

4. PLAN WITHDRAWALS

Plan withdrawals are made upon termination, retirement, death or transfers to other plans. Plan withdrawals consist of the following:

	2010	**2009**
	$	$
Upon termination	**635,028**	1,091,403
Upon retirement	**288,632**	698,362
Upon death	**—**	124,515
Transfer to other plans	**14,330**	—
	937,990	1,914,280

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

6. 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.