

Financial Statements

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

[Ontario Registration Number 0284455]

September 30, 2007

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, 2007 and the statement of changes in net assets available for benefits for the year then ended. These financial statements have been prepared to comply with Regulation 909, Section 76 of the Pension Benefits Act (Ontario). These financial statements are the responsibility of the Plan'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 the Plan's management, 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 Employees' Pension Plan of the Ontario College of Art & Design** as at September 30, 2007 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,
December 31, 2007.

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

	2007	2006
	\$	\$
ASSETS		
Investments, at market		
Guaranteed funds	16,754,301	15,941,057
Fixed income funds	70,265	60,117
Balanced funds	2,165,455	2,143,827
Canadian equity funds	4,002,530	3,135,939
Global equity funds	707,320	641,166
American equity funds	180,353	163,814
International equity funds	21,977	—
Contributions receivable	37,534	—
Total assets	23,939,735	22,085,920
LIABILITIES		
Withdrawals payable	96,706	6,696
Net assets available for benefits	23,843,029	22,079,224

See accompanying notes

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

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

**STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS**

Year ended September 30

	2007	2006
	\$	\$
INCREASE IN NET ASSETS		
Interest income on guaranteed funds	1,262,919	1,036,635
Employee regular contributions	864,120	776,511
Employer regular contributions	864,120	776,511
Employee voluntary contributions	3,900	3,900
Transfers from other plans	15,382	—
Total increase in net assets	3,010,441	2,593,557
DECREASE IN NET ASSETS		
Plan withdrawals <i>[note 3]</i>	1,024,467	563,690
Depreciation in market value of investments	222,169	184,843
Total decrease in net assets	1,246,636	748,533
Net increase in net assets during the year	1,763,805	1,845,024
Net assets available for benefits, beginning of year	22,079,224	20,234,200
Net assets available for benefits, end of year	23,843,029	22,079,224

See accompanying notes

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

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 "College"]. Trustee expenses are included in the change in unit value of the investments. The College pays all non-trustee expenditures related to Plan administration. The Plan is not obligated to reimburse the College 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 College contributes to the Plan each month an amount equal to the employee's contribution. The employee may also make voluntary contributions which are not matched by the College.

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 where applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with that of the prior year.

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.

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

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September 30, 2007

Investments

All investments are recorded at market values supplied by the trustee.

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 recorded 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 recorded in the statement of changes in net assets available for benefits as appreciation (depreciation) in market value of investments.

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.

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:

	2007	2006
	\$	\$
Upon retirement	500,070	11,439
Upon termination	524,397	552,251
	<u>1,024,467</u>	<u>563,690</u>



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

NOTES TO FINANCIAL STATEMENTS

September 30, 2007

4. FINANCIAL INSTRUMENTS

The carrying values of financial instruments approximate their fair values. The Plan is subject to interest rate, market and foreign currency risks with respect to its investments.

5. MANAGEMENT AND ADMINISTRATIVE SERVICES

Management and administrative services are provided at no charge by the College.

