

**LONG TERM DISABILITY TRUST
FINANCIAL STATEMENTS
MARCH 31, 2014**

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LONG TERM DISABILITY TRUST

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR FINANCIAL STATEMENTS

The University of Victoria is responsible for the preparation of the financial statements of the Long Term Disability Trust. The statements have been prepared in accordance with Canadian accounting standards for pension plans and present fairly the financial position of the Long Term Disability Trust as at March 31, 2014 and the results of its operations for the year then ended.

In fulfilling its responsibility and recognizing the limits inherent in all systems, the University's Administration has developed and maintains a system of internal controls designed to provide reasonable assurance that the Trust's assets are safeguarded from loss and that the accounting records are a reliable basis for preparation of the financial statements.

The financial statements have been examined by Grant Thornton LLP, the independent auditors appointed by the Trustees. The Independent Auditors' Report outlines the nature of their examination and expresses an opinion on the financial statements of the Trust for the year ended March 31, 2014.

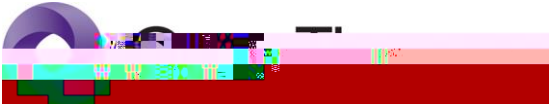


Trustee

May 20, 2014



Trustee



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To the board of trustees of the Long Term Disability Trust

We have audited the accompanying financial statements of the Long Term Disability Trust which comprise the statement of financial position as at March 31, 2011, and the statement of changes in net assets available for benefits and the statement of changes in benefit obligations for the year then ended and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and GLVFORVXUHV LQ WKH ILQDQFLDO VWDWHPHQWV 7KH SU including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control UHOHYDQW WR WKH HQWLW\ V SUHSDUDWLRQ DQG IDLU S design audit procedures that are appropriate in the circumstances, but not for the purpose of H[SUHVVLRQJ DQ RSLQLRQ RQ WKH HIIHFWLYHQHV RI WKH evaluating the appropriateness of accounting policies used or the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Long Term Disability Trusts at March 31, 2014 and its financial performance for the year then ended in accordance with Canadian accounting standards for pension plans.

Victoria, Canada
May 20 2014



Chartered accountants

Assets

Cash and cash equivalents
Cash held on deposit with
Income taxes receivable
Due from University of V

Investments (note 3)

Liabilities

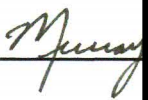
Accounts payable and ac

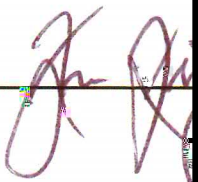
Net assets available for ben

Accrued benefit obligations

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On behalf of the board:

Trustee 

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	2014	2013
Net return on investments		
Interest income	\$ 324,009	\$ 296,830
Realized gains	18,578	116,850
Unrealized losses	(189,253)	(43,953)
	153,334	369,727
Contributions		
Employee contributions	3,040,684	2,751,386
Payments to or on behalf of members		
Benefit carrier claims	1,895,773	1,936,679
Operating expenses		
Actuarial fees	3,825	9,123
Audit expense	7,918	9,374
Benefit carrier administration fees	67,376	76,914
Custodial fees	5,043	5,760
Interest expense	4,381	5,979

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See accompanying notes to the financial statements

	2014	2013
Beginning balance, accrued benefit obligation	\$ 13,056,159	\$ 12,728,159
Change in actuarial assumptions	(1,518,000)	285,000
Benefit accrued	4,560,000	2,113,000

See accompanying notes to the financial statements

**LONG TERM DISABILITY TRUST
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014**

2. **Significant Accounting Policies**

The financial statements have been prepared in accordance with Canadian accounting standards for pension plans.

Accounting standards for pension plans apply to all pension plans as well as benefit plans with characteristics similar to pension plans (such as long term disability plans) and require entities to select accounting policies for accounts that do not relate to its investment portfolio or accrued benefit obligations in

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2. **Significant Accounting Policies (continued)**

d) Investment Income

Income from investments is recognized on an accrual basis and includes interest income.

e) Realized and Unrealized Gains and Losses on Investments

Realized gains or losses on sale of investments are the difference between the proceeds received and the average cost of investments sold.

Unrealized gains or losses on investments represent the differences between carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

f) Contributions

Contributions from the members are recorded on an accrual basis.

g) Net assets available for the purpose of the trust (et)-35p13s inter be3 7 re f n be3 7 re f 2 0.006 TwA 0

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**LONG TERM DISABILITY TRUST
NOTES TO FINANCIAL STATEMENTS
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3. **Investments**

Investments are reported at fair value and are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Phillips Hager and North Bond Fund, Series 0	\$ 9,724,102	\$ 9,702,879	\$ 8,424,119	\$ 8,592,150
RBC Institutional Cash	\$ 199,876	\$ 199,876	\$ 231,614	\$ 231,614

4. **Obligations for Plan Benefits**

An actuarial valuation was made as of June 30, 2011 by Mercer Human Resource Consulting, a firm of consulting actuaries. Salary figures used in the actuarial analysis are based on annual salary increases effective July 1, 2011.

The actuarial liability is the actuarial present value of the disability benefits expected to be paid in the future

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4. **Obligations for Plan Benefits (continued)**

The assumptions used in determining the actuarial value of accrued disability benefits were developed by reference to expected long-term market conditions. Significant long-term actuarial assumptions used in the valuation were:

	<u>2014</u>	<u>2013</u>
Discount rate	1.7%	1.5%
Cost of living adjustment	2%	2%
Retirement age assumption	65	65

5. **Risk Management**

The Trust's assets are invested in Phillips, Hager & North's Bond Fund and the RBC Institutional Cash Fund.

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NOTES TO FINANCIAL STATEMENTS
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5.

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7. **Income Tax**