

Financial Statements of

**BROCK UNIVERSITY
PENSION PLAN**

Year ended June 30, 2008

Registration Number 327767



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AUDITORS' REPORT

To the Pension Committee of Brock University

We have audited the statement of net assets available for benefits of the fund of the Brock University Pension Plan as at June 30, 2008 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 Section 76 of the Regulations to 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 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 as at June 30, 2008 and the changes in net assets available for benefits for the year then ended in accordance with the basis of accounting described in note 1 to the financial statements.

These pension fund financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Administrator of the Brock University Pension Plan and the Financial Services Commission of Ontario for complying with Section 76 of the Regulations to the Pension Benefits Act (Ontario). The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Chartered Accountants, Licensed Public Accountants

St. Catharines, Canada
October 3, 2008

BROCK UNIVERSITY PENSION PLAN

Statement of Net Assets Available For Benefits

June 30, 2008, with comparative figures for 2007

	2008	2007
Assets		
Investments, at market value (note 2)	\$ 255,041,782	\$ 256,433,974
Cash	-	1,262,415
Accrued investment income	103	452,148
Contributions receivable:		
Employer	665,739	633,598
Employees	411,865	394,487
	256,119,489	259,176,622
Liabilities		
Accounts payable and accrued liabilities (note 4)	2,682,473	222,855
Net assets available for benefits	\$ 253,437,016	\$ 258,953,767

See accompanying notes to financial statements.

On behalf of the Pension Committee:

_____ Member

_____ Member

BROCK UNIVERSITY PENSION PLAN

Statement of Changes in Net Assets and Retained Earnings

Year ended June 30, 2008, with comparative figures for 2007

	2008	2007
Increase in assets:		
Investment income (note 5)	\$ 12,789,868	\$ 16,274,740
Increase in net unrealized gain (loss) in investments	-	12,889,836
Net realized gain on sale of investments	30,159,713	4,702,986
Contributions:		
Employer	7,911,472	7,367,693
Employee	4,875,016	4,533,893
Transfers from other pension plans	265,221	116,522
	<u>56,001,290</u>	<u>45,885,670</u>
Decrease in net assets:		
Decrease in net unrealized gain (loss) in investments	45,896,702	-
Benefit payments (note 6)	14,223,865	9,918,461
Administrative expenses and professional fees (note 7)	1,397,474	1,037,895
	<u>61,518,041</u>	<u>10,956,356</u>
Increase (decrease) in net assets	(5,516,751)	34,929,314
Net assets available for benefits, beginning of year	258,953,767	224,024,453
Net assets available for benefits, end of year	<u>\$ 253,437,016</u>	<u>\$ 258,953,767</u>

See accompanying notes to financial statements.

BROCK UNIVERSITY PENSION PLAN

Notes to Financial Statements

Year ended June 30, 2008

The Brock University Pension Plan (the "Plan") is a registered pension plan in the Province of Ontario under registration number 327767. The Plan is a hybrid defined benefit money purchase pension plan and provides pension benefits to substantially all employees of Brock University (the "University").

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the accounting requirements prescribed by the Financial Services Commission of Ontario for financial statements under Section 76 of the Regulations to the Pension Benefits Act (Ontario). The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because it excludes the actuarial liabilities of the Plan. Consequently, these financial statements do not purport to show the adequacy of the Plan's assets to meet its pension obligations.

(b) Investments:

Investments are stated at fair value. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statement of changes in net assets available for benefits as an increase/decrease in net unrealized gains.

Fair values of investments are determined as follows:

Bonds, debentures and equities are valued at year-end quoted market prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities.

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the Fund's proportionate share of underlying net assets at fair values determined using closing market prices.

(c) Net realized gain on sale of investments:

The net realized gain on sale of investments is the difference between proceeds received and the average cost of investments sold.

BROCK UNIVERSITY PENSION PLAN

Notes to Financial Statements (continued)

Year ended June 30, 2008

1. Significant accounting policies (continued):

(d) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income, dividends and pooled fund distributions.

(e) Foreign currency translation:

The fair values of foreign currency denominated investments included in the statement of net assets available for benefits are translated into Canadian dollars at year end exchange rate. Gains and losses arising from translations are included in the change in net unrealized gains.

Foreign currency denominated transactions are translated into Canadian dollars at the rate of exchange on the date of the related transaction. Cost of investments, as disclosed in note 2, are translated into Canadian dollars at the rate of exchange on the date of purchase.

(f) Income taxes:

The Plan is not subject to income taxes since it is a Registered Pension Trust as defined by the Income Tax Act.

(g) Use of estimates:

The preparation of financial statements in conformity with 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 are reported amounts of changes in net assets available for benefits during the year. Actual results could differ from those estimates.

BROCK UNIVERSITY PENSION PLAN

Notes to Financial Statements (continued)

Year ended June 30, 2008

2. Investments:

The following table summarizes investments:

	Cost	2008 Market value	Cost	2007 Market value
Short-term notes	\$ -	\$ -	\$ 4,745,896	\$ 4,745,054
Bonds and debentures:				
Canadian	-	-	38,782,839	37,979,630
Corporate shares:				
Canadian	285,762	86,532	21,794,237	42,559,385
Foreign	-	-	17,975,828	18,159,815
Pooled funds	259,322,735	254,955,250	131,805,187	152,990,090
	\$259,608,497	\$255,041,782	\$215,103,987	\$256,433,974

3. Statutory disclosure:

The following information is provided in respect of individual investments with a cost or fair value in excess of 1% of the cost or market value of the total Plan, as required by the Ontario Pension Benefits Act:

Security	Cost	Market value
Pooled funds:		
Aberdeen Canada Global Equity Fund	\$ 37,815,314	\$ 37,625,869
Integra Acadian Global Equity Fund	38,070,257	36,823,889
McLean Budden Canadian Equity Growth Fund	39,438,993	37,172,066
Walter Scott and Partners Canadian Institutional Trust		
Global Equity Fund	38,000,000	37,490,754
Sanford C. Bernstein Core Plus Bond Fund	99,165,373	99,017,994

BROCK UNIVERSITY PENSION PLAN

Notes to Financial Statements (continued)

Year ended June 30, 2008

4. Accounts payable and accrued liabilities:

	2008	2007
Portfolio administration fees	\$ 133,065	\$ 97,070
Actuarial and other professional fees	220,696	105,533
Custodial fees	46,517	12,752
Audit fees	6,500	7,500
Forward contract overpayment payable	2,275,695	-
	<u>\$ 2,682,473</u>	<u>\$ 222,855</u>

5. Investment income:

	2008	2007
Cash and short-term notes	\$ 189,293	\$ 197,028
Bonds and debentures - Canadian	1,117,043	2,006,680
Corporate shares - Canadian	677,887	936,551
Pooled funds:		
Canadian equity	738,454	312,348
Foreign equity	2,330,566	1,478,906
Balanced	7,513,655	11,346,265
Global	5,228	-
Other	67,986	-
Miscellaneous income	4,188	1,982
Foreign exchange gain (loss)	145,568	(5,020)
	<u>\$ 12,789,868</u>	<u>\$ 16,274,740</u>

6. Benefit payments:

	2008	2007
Pension benefits	\$ 5,984,539	\$ 5,072,483
Cash refunds	57,861	35,773
Transfers to other pension funds	8,181,465	4,810,205
	<u>\$ 14,223,865</u>	<u>\$ 9,918,461</u>

BROCK UNIVERSITY PENSION PLAN

Notes to Financial Statements (continued)

Year ended June 30, 2008

7. Administrative expenses and professional fees:

	2008	2007
Portfolio administration fees	\$ 585,038	\$ 518,796
Actuarial and other professional fees	700,944	431,571
Custodial fees	107,393	80,028
Audit fees	4,099	7,500
	<hr/> \$ 1,397,474	<hr/> \$ 1,037,895

8. Related party transactions:

The University provides certain administrative services to the Plan. The cost to the Plan for these services in the year ended June 30, 2008 were \$147,381 (2007 - \$114,556), being the exchange amount agreed to by the parties, and is included in the administrative fees in the statement of changes in net assets available for benefits. At June 30, 2008 accounts payable and accrued liabilities included \$66,859 (2007 - \$57,751) relating to such services.

9. Fund managers' fees:

Fund managers' fees of certain pooled funds are netted against the unit value of those pooled funds.

10. Financial instruments:

(a) Fair values:

The fair values of investments are as described in note 2. The fair values of other financial assets and liabilities, being cash, accrued investment income, contributions receivable, accounts payable and accrued liabilities approximate the carrying values due to the short-term nature of these financial instruments.

BROCK UNIVERSITY PENSION PLAN

Notes to Financial Statements (continued)

Year ended June 30, 2008

10. Financial instruments (continued):

(b) Associated risks:

(i) Market price risk:

Market price risk is the risk that value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issue or all other factors affecting all instruments traded in the market. As all of the Plan's financial instruments are carried at fair value with fair value changes recognized in the statement of changes in net assets available for benefits, all changes in market conditions will directly affect the change in net assets available for benefits. Market price risk is managed by the Administrator through construction of a diversified portfolio of instruments traded on various markets and across various industries. In addition, market price risk may be hedged using derivative financial instruments such as futures contracts.

(ii) Foreign currency risk:

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Plan invests in financial instruments and enters into transactions denominated in various foreign currencies. Consequently, the Plan is exposed to risks that the exchange rate of the foreign currency may change in a manner that has an adverse affect on the value of the portion of the Plan's assets or liabilities denominated in currencies other than Canadian dollars. The Plan's overall currency positions and exposures are monitored on a regular basis by the Administrator, in accordance with the currency risk management program.

(iii) Liquidity risk:

Liquidity risk is the risk that the Plan will not be able to meet its obligations as they fall due. The Plan maintains an investment policy, as approved by the Administrator, which contains asset mix guidelines which help to ensure the Plan is able to liquidate investments to meet its pension benefit or other obligations.

BROCK UNIVERSITY PENSION PLAN

Notes to Financial Statements (continued)

Year ended June 30, 2008

11. Future changes in accounting policies:

(a) Capital disclosures:

In December 2006, the CICA issued a new handbook section 1535, Capital Disclosures, which requires an entity to disclose its objectives, policies, and processes for managing capital. This new standard is effective for the Plan beginning July 1, 2008.

(b) Financial instruments:

In December 2006, the CICA issued two new handbook sections: 3862, Financial Instruments - Disclosures, and 3863, Financial Instruments - Presentation. These new standards are effective for the Plan beginning July 1, 2008.

These sections replace CICA handbook section 3861, Financial Instruments - Disclosures and Presentation. These new sections enhance disclosure requirements on the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Management is currently reviewing the impact of these new standards on the presentation of the 2009 financial statements.