TRENT UNIVERSITY

Financial Statements

April 30, 2003

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Trent University's Mission Statement

"Trent University aspires to be Canada's outstanding small university known for its commitment to liberal undergraduate education in the humanities, social sciences and natural sciences and to the centrality of the individual student. Within a collegial setting the University offers undergraduate and graduate programs, both traditional and interdisciplinary, which seek to advance learning through the creative interaction of teaching and research of the highest quality."

STATEMENT OF ADMINISTRATIVE RESPONSIBILITY
YEAR ENDED APRIL 30, 2003

The management of the University is responsible for the preparation of the financial statements, the notes thereto and all other financial information contained in this annual report.

Management has prepared the financial statements in accordance with accounting principles generally accepted for Canadian universities and in accordance with guidelines developed by the Canadian Institute of Chartered Accountants. Management believes the financial statements present fairly the University's position as at April 30, 2003, and the results of its operations of the year then ended. In order to achieve the objective of fair presentation in all material respects, the use of reasonable estimates and judgements were employed. Additionally, management has ensured that financial information presented elsewhere in this annual report has been prepared in a manner consistent with that in the financial statements.

In fulfilling its responsibilities and recognizing the limits in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reasonable basis for the preparation of financial statements.

The University's Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for approving the financial statements. The Board of Governors carries out its responsibility for review of the financial statements and the annual report principally through its Investment & Audit Committee. The majority of the members of the Investment & Audit Committee are not officers or employees of the University. The Investment & Audit Committee meets regularly with management as well as with the external auditors to discuss the results of audit examinations and financial reporting matters, and to satisfy itself that each party is properly discharging its responsibilities. The external auditors have full access to the Investment & Audit Committee with and without presence of management.

The financial statements for the year ended April 30, 2003, have been reported on by McColl Turner LLP, Chartered Accountants, the auditors appointed by the Board of Governors. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information in the financial statements.

Garth Brownscombe
G. Brownscombe
Acting Vice-President Administration

B. M. Patterson
B.M. Patterson
President and Vice-Chancellor

September, 2003

Introduction to Trent University's Financial Statements 2002-2003

The following four pages provide background and additional statistical data that capture trends in revenues and expenditures for the last five years. The charts and graphs provide two pictures – one related to total revenues and expenditures for the University and the other related to operating accounts only. This information is intended to complement that contained in the financial statements providing the reader with a context for the year-end results.

Over this decade, the demand for university education in the Province of Ontario is projected to grow by as much as 40% (88,900 additional students). This increased demand is the result of a combination of factors including secondary school reforms that eliminate a 5th year of high school study, the timing of which results in two groups of students graduating in the same year. This phenomenon, referred to as the "double cohort", will occur in concert with a substantial demographic growth in 18 to 24 year olds, an increasing rate of participation in university education, and changing workplace requirements in the new economy that demand higher educational attainment.

Trent will be part of the solution and will grow its domestic undergraduate population by approximately 1,600 student spaces by 2005. This growth will mean that Trent's overall size will grow to over 7,000 students including some 420 international students and up to 300 graduate students. The government, for its part, has committed funding for growth at "full average cost" for undergraduate students, without which its commitment to accessibility would not be possible and indeed no Ontario universities would be able to respond.

Plans have been implemented to hire new faculty to accommodate the increased enrollment demand for Trent's programs and over the three-year period from 2002/3 to 2004/5, 76 new tenure track faculty members will join this academic community, 17 of whom will support the Trent @ University of Ontario Institute of Technology (UOIT) satellite operation. The latter are associated with a new 10-year agreement with the UOIT and Durham College, funding for which was secured from the Ontario government during the 2001/2 fiscal year.

Recognizing anticipated enrolment increases would require expanded facilities, in May of 2000, the government announced a $26.23 million grant to Trent that would expand and refurbish the Science complex on Trent's Symons Campus and build new academic and office space to address humanities and social sciences space needs. In addition, the University has committed an additional $3.6 million as a matching component of the program, to be raised through various partnership developments and private fundraising. The development of 250 new residential beds has also been incorporated into the building program. In addition, 254 beds and additional classrooms will be made available through a four year lease of new facilities at Trent's new Argyle Street facility in Peterborough. Combined, this represents over $50 million dollars of new investment at Trent, the largest capital investment in the University's history. There is much excitement on campus as new purpose-built facilities move closer to completion in early 2004. That said, existing campus facilities remain in need of renewal across all universities in the province. The 2002 facilities condition audit found that the estimated deferred maintenance is $1.3 billion in Ontario's universities. Currently, the provincial government is providing $27 million, which represents 17% of that required to maintain the status quo.

The data provided on the following pages identifies four distinct trends –

- As a percentage share of operating revenue, a changing proportion of government grants to tuition has emerged. Grants represent 50.1% of operating revenue and tuition accounts for 46.4%.
- The University has become increasingly dependent on tuition fees since 1998-1999 and government policy demands that 30% of tuition increases be directed to student aid, which leaves only 70 cents for every dollar of tuition increase available to cover ongoing operating expenses.
- The major expenditure in the budget continues to be in salaries and benefits, which represent 80.7% of operating expenditures before appropriations. This is not surprising in a knowledge-intensive organization, but combined with other restrictions, continues to challenge our competitiveness.

- More institutional funds are dedicated to scholarships and bursaries for students. Trent's increase has been from $2.5 million in 1999 to over $5.9 million in 2003.

With tuition increases capped at 2 per cent (less 0.3% for student aid), it is critical that we seek and diversify new sources of funds and expand our resource base beyond that received from government and direct fees paid by students. We will continue to seek improvements in our operational efficiency to cover annual inflationary costs, however, with substantial growth ahead, this will be a significant challenge. Staying focussed will be important as we strive to grow but maintain the quality of our programs and attract talented people as competition for faculty and staff increases both provincially and nationally.

The progress made in achieving a balanced operating budget in 2002-2003, and a reduction in our cumulative deficit, is a result of many in this community embracing change. It has not been easy for some. Critical success factors in our financial stability have been an enhanced recruitment strategy and new academic directions. Included in this effort are the implementation of a new joint degree program in nursing, increases in our international student numbers, expansion of our emphasis programs in teaching, indigenous environmental studies, globalization and international political economy, and numerous new articulation agreements for students that support seamless paths from community college programs to degree programs at Trent.

The University has launched a new fundraising program seeking $10.8 million dollars in support of new facilities, enhanced research capacity, matching fund requirements to support various government infrastructure programs, graduate scholarships and undergraduate needs-based financial aid.

As you examine our financial statements*, OPERATING* activities include the University's academic programs, general operations and its ancillary operations. The ancillary operations of the University include services provided to students such as housing, food services, the bookstore, and commercial operations such as conferences and printing services.

INTERNALLY restricted activities are funds set aside for specific purposes and include internally funded research and trust activities. *EXTERNALLY* restricted activities include the operations that are funded from revenues received from external sources. The sources for these funds specify to the University how the funds must be spent and typically include research activities funded from federal or provincial government grants, and trust activities funded from donations.

Research activities continue to increase at Trent. Since 1990 the University has increased research revenue in real terms, and expressed as a percentage of total revenue, from 2.3% to its current level of 10.1%. This attests to the strength of our faculty capability that is so important to our future.

ENDOWMENTS increased by 3.6% over last year from $19.5 to $20.2 million. A significant component of that endowment, over $7 million, is used to support students directly with financial assistance.

Professor Bonnie M. Patterson
President & Vice Chancellor
September, 2003

SUMMARY OF TOTAL REVENUE AND EXPENDITURE

(includes unrestricted, internally restricted, externally restricted, investments in capital assets)

(millions of dollars)

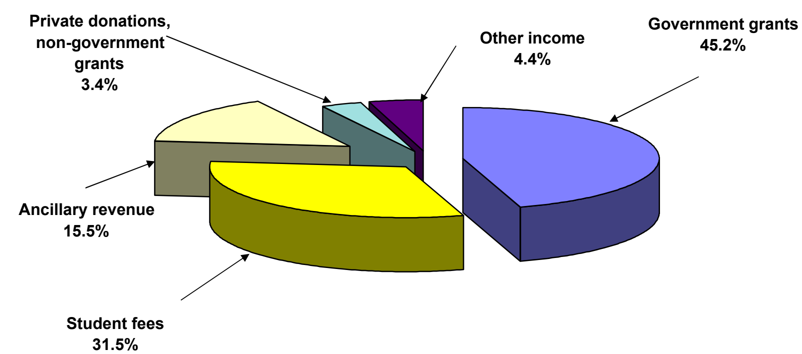
REVENUE

2003	2002	2001	2000	1999		2003	2002	2001	2000	1999
$38.7	$32.8	$30.0	$27.9	$24.6	Government grants	45.2%	43.1%	45.3%	45.1%	46.2%
27.0	22.8	20.6	19.1	16.4	Student fees	31.5%	30.0%	31.1%	30.9%	30.8%
13.3	11.8	11.4	10.4	9.0	Ancillary revenue	15.5%	15.5%	17.2%	16.8%	16.9%
2.9	3.0	1.6	2.6	1.8	Private donations, non-government grants	3.4%	3.9%	2.4%	4.2%	3.4%
3.8	5.7	2.6	1.8	1.5	Other income	4.4%	7.5%	4.0%	3.0%	2.7%
$85.7	$76.1	$66.2	$61.8	$53.3		100.0%	100.0%	100.0%	100.0%	100.0%

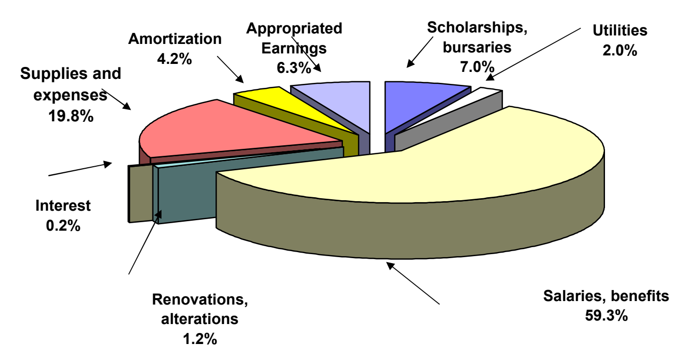
EXPENDITURE

2003	2002	2001	2000	1999		2003	2002	2001	2000	1999
$50.3	$45.6	$43.4	$41.4	$40.1	Salaries and benefits	59.3%	60.7%	65.2%	63.4%	70.6%
5.9	5.1	4.5	3.5	2.5	Scholarships and bursaries	7.0%	6.8%	6.8%	5.4%	4.4%
1.7	1.6	1.7	1.4	1.2	Utilities	2.0%	2.1%	2.6%	2.1%	2.1%
1.0	1.6	0.5	0.4	1.1	Renovations and alterations	1.2%	2.1%	0.8%	0.6%	1.9%
0.2	0.5	0.5	0.5	0.3	Interest	0.2%	0.7%	0.8%	0.8%	0.5%
16.8	13.0	11.6	11.8	8.9	Supplies and expenses	19.8%	17.3%	17.4%	18.1%	15.7%
3.6	3.1	4.0	3.9	3.6	Amortization	4.2%	4.1%	6.0%	6.0%	6.3%
5.3	4.6	0.4	2.4	(0.9)	Appropriated Earnings	6.3%	6.2%	0.4%	3.6%	-1.5%
$84.8	$75.1	$66.6	$65.3	$56.8		100.0%	100.0%	100.0%	100.0%	100.0%

2003 REVENUE



2003 EXPENDITURE



SUMMARY OF OPERATING REVENUE AND EXPENDITURE

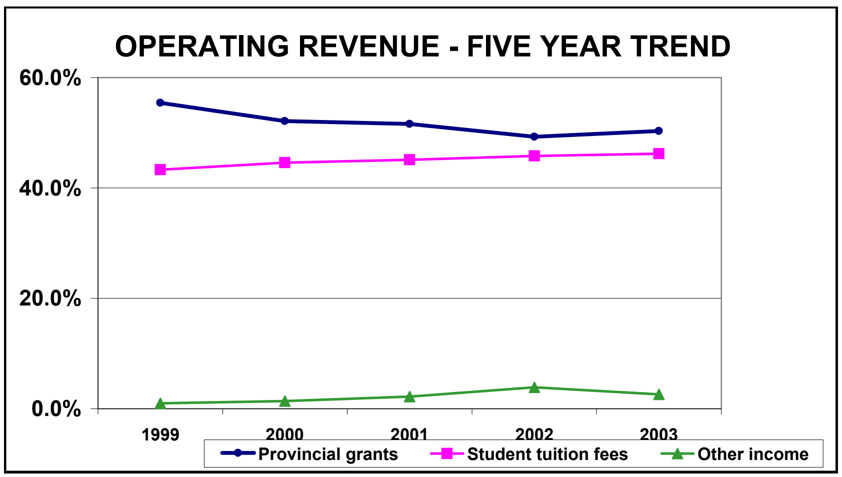
(millions of dollars)

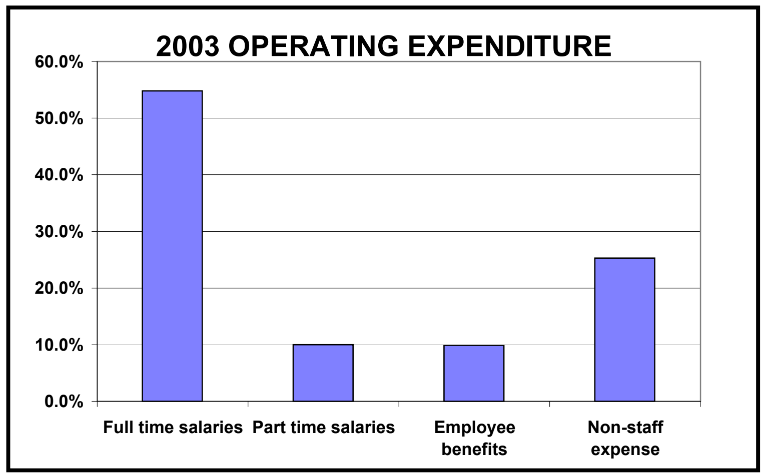
REVENUE

2003	2002	2001	2000	1999		2003	2002	2001	2000	1999
$29.3	$24.5	$23.6	$22.3	$21.0	Provincial grants	50.3%	49.3%	51.6%	52.1%	55.4%
27.0	22.8	20.6	19.1	16.4	Student tuition fees	46.2%	45.8%	45.1%	44.6%	43.3%
0.5	0.5	0.5	0.8	0.1	Donations and grants	0.9%	1.0%	1.1%	1.9%	0.3%
1.6	2.0	1.0	0.6	0.4	Other income	2.6%	3.9%	2.2%	1.4%	1.0%
$58.4	$49.8	$45.7	$42.8	$37.9		100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURE

2003	2002	2001	2000	1999		2003	2002	2001	2000	1999
$43.0	$39.2	$38.1	$36.6	$34.6	Salaries and benefits	74.5%	81.0%	83.4%	83.4%	87.6%
4.6	4.1	3.7	2.9	2.2	Scholarships and bursaries	8.0%	8.5%	8.1%	6.6%	5.6%
0.8	0.7	0.8	0.6	0.5	Utilities	1.4%	1.4%	1.8%	1.4%	1.3%
0.1	0.2	0.1	0.1	0.1	Renovations and alterations	0.2%	0.4%	0.2%	0.2%	0.3%
4.8	1.9	2.0	2.3	2.4	Supplies and expenses	8.3%	3.9%	4.4%	5.2%	6.0%
4.4	2.3	1.0	1.4	(0.3)	Appropriated earnings	7.6%	4.8%	2.1%	3.2%	-0.8%
$57.7	$48.4	$45.7	$43.9	$39.5		100.0%	100.0%	100.0%	100.0%	100.0%





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AUDITORS' REPORT

To the Board of Governors
Trent University

We have audited the statement of financial position of Trent University as at April 30, 2003 and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the University's administration. 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 administration, as well as evaluating the overall financial statement presentation

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

McColl Turner LLP

Peterborough, Ontario
August 19, 2003

Statement 1

Trent University

Statement of Financial Position

April 30, 2003

(with comparative figures for April 30, 2002)

(thousands of dollars)

	2003	2002
ASSETS		
Current		
Cash and short term investments	$ 20,430	$ 10,998
SuperBuild funds (note 15)	14,515	29,554
Accounts receivable	2,643	3,356
Inventories	124	117
Prepaid expenses and deposits	479	647
	38,191	44,672
Long term investments (note 3)	22,871	21,989
Capital assets (note 4)	72,828	56,812
	$ 133,890	$ 123,473
LIABILITIES AND DEFERRED CAPITAL CONTRIBUTIONS		
Current		
Accounts payable and accrued liabilities	$ 7,890	$ 4,147
Current portion of long term debt	782	748
Deferred revenue (note 5)	13,155	13,581
Deferred SuperBuild revenue (note 15)	14,515	29,554
	36,342	48,030
Long term debt (note 6)	10,612	10,981
	46,954	59,011
Deferred capital contributions (note 7)	52,442	36,855
NET ASSETS		
Deficit (note 8)	(11,115)	(12,030)
Internally restricted (note 9)	11,360	6,342
Investment in capital assets (note 10)	14,090	13,826
Endowments (note 11)	20,159	19,469
	34,494	27,607
	$ 133,890	$ 123,473

Approved by the Board of Governors

Governor ______________ Governor B. M. Patterson

The accompanying notes are an integral part of the financial statements

Trent University

Statement of Changes in Net Assets
Year Ended April 30, 2003
(with comparative figures for April 30, 2002)
(thousands of dollars)

	2003					2002
	Deficit	Internally Restricted	Investment in Capital Assets	Endowment	Total	Total
Net assets (deficit), beginning of year	$ (12,030)	$ 6,342	$ 13,826	$ 19,469	$ 27,607	$ 21,077
Excess of revenue over expense for the year	6,197	-	-	-	6,197	5,468
Change in internally restricted funds	(5,018)	5,018	-	-	-	
Change in investment in capital assets	(264)	-	264	-	-	
Endowment contributions credited directly to endowment	-	-	-	690	690	1,062
Net assets (deficit), end of year	$ (11,115)	$ 11,360	$ 14,090	$ 20,159	$ 34,494	$ 27,607

The accompanying notes are an integral part of the financial statements

Statement 3

Trent University

Statement of Operations
Year Ended April 30, 2003
(with comparative figures for April 30, 2002)
(thousands of dollars)

	2003	2002
REVENUE		
Government grants	$ 38,688	$ 32,758
Tuition fees	27,068	22,830
Ancillary sales of services	13,262	11,763
Donations and grants	2,906	2,987
Investment income	1,276	1,431
Miscellaneous	2,521	4,327
	85,721	76,096
EXPENSE		
Salaries and benefits	50,269	45,666
Scholarships and bursaries	5,882	5,057
Utilities	1,733	1,617
Renovations and alterations	981	1,610
Supplies and expenses	16,785	13,032
Interest	255	490
Amortization		
Library acquisitions	786	855
Other capital assets	2,833	2,301
	79,524	70,628
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	6,197	5,468
Change in Internally Restricted Net Assets	(5,018)	(2,918)
Change in Investment in Capital Assets	(264)	(1,678)
DECREASE IN DEFICIT FOR THE YEAR	915	872
DEFICIT – beginning of year	(12,030)	(12,902)
DEFICIT – end of year	$ (11,115)	$ (12,030)

The accompanying notes are an integral part of the financial statements

Trent University

Statement of Cash Flows

Year Ended April 30, 2003

(with comparative figures for April 30, 2002)
(thousands of dollars)

	2003	2002
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenue over expense for the year	$ 6,197	$ 5,468
Amortization of capital assets	3,619	3,156
Decrease in non-cash working capital items (net)	4,191	1,007
Increase in deferred capital contributions	15,587	2,985
	29,594	12,616
ENDOWMENT ACTIVITIES		
Endowment contributions	690	1,062
FINANCING AND INVESTING ACTIVITIES		
SuperBuild project funding (net of expenditures) (note 15)	(15,039)	728
Repayment of long term debt	(335)	(2,352)
Purchase of capital assets	(19,635)	(5,514)
Increase in long term investments	(882)	(1,284)
	(35,891)	(8,422)
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	(5,607)	5,256
CASH POSITION - beginning of year	40,552	35,296
CASH POSITION - end of year	$ 34,945	$ 40,552
CASH POSITION REPRESENTED BY:		
Cash and short term investments	$ 20,430	$ 10,998
SuperBuild funds	14,515	29,554
	$ 34,945	$ 40,552

The accompanying notes are an integral part of the financial statements

1. AUTHORITY

Trent University operates under the authority of The Trent University Act, 1962-63. The University is a registered charity and, under the provisions of section 149 of the Income Tax Act, is exempt from paying income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

(a) General

The financial statements of the University have been prepared by management in accordance with accounting principles generally accepted in Canada and consistently applied.

The combined financial statements reflect the assets, liabilities, revenue, expenses and other transactions of all the operations of the University and organizations that the University has the primary economic interest in or controls.

The University accounts identify financial activity separately for operating transactions, internally restricted transactions, externally restricted transactions and endowment related transactions.

- Operating transactions are for general activities.
- Internally restricted related transactions are generally for funds designated for specific activities by university management.
- Externally restricted related transactions are associated with funds received from external sources which can only be spent in accordance with the restrictions provided by the sources providing the funds.
- Revenue and expense from operating, internally restricted and externally restricted transactions are reported in the Statement of Operations.
- Endowment related transactions include contributions which are designated as endowment by the source providing the funds and contributions designated as endowment by university management. Internally and externally restricted endowment contributions are reported on the statement of Changes in Net Assets.

The financial statements do not include the assets, liabilities, revenue and expenses of the Trent University Foundation (see note 14).

(b) Inventories

Inventories are valued at the lower of cost and net realizable value.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) Capital assets
Capital assets are recorded at cost, or in the case of donated assets, at fair market value on the date of the donation.

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	40 years	Library books and serials	5 years
Equipment and furnishings	10 years	Rare collections	no amortization
Computer equipment	5 years	System software	5 years
Vehicles	5 years		

(d) Investments
Long term investments are stated at cost or, if there is a decline in market value below cost that is considered to be other than a temporary decline, the investments are written down to market value. Market values of long term investments are reported in note 3.

(e) Revenue recognition
The University follows the deferral method of accounting for revenue derived from the provision of service and from revenue contributions. Contributions may either be operating, internally restricted, externally restricted or endowed.

- Revenue received by the University for the provision of goods and services is recognized when goods and services are provided. Student fees are recognized as revenue when courses are provided.
- Operating contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- Internally restricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- Externally restricted contributions for purposes other than endowment are deferred and recognized as revenue in the year in which related expenses are incurred. Externally restricted contributions can only be used for the purposes designated by external contributors. Pledged donations are not recorded until received due to the uncertainty involved in their collection.
- Contributions from donors and government for the acquisition of capital assets are deferred and recognized as revenue on the same basis as the related capital assets are amortized.
- Endowment contributions and related restricted investment revenue are reported as direct increases in net assets when received.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(f) Retirement Plans

The University maintains contributory defined benefit pension plans and a supplemental retirement arrangement which cover eligible faculty and staff. The assets, liabilities and results of operations of the Plans are included in the financial statements of Trent University pension funds. The current year's charge to operations in respect of funding the plan includes, as applicable, current service costs, and amortization of past service costs and valuation adjustments. The cost of providing post-retirement benefits will be reflected in the year of the employee's service rather than as paid.

(g) Fund raising activities

Gifts and grants from fundraising activities are recorded when received. Pledges are recorded upon payment.

(h) Sabbaticals and other leaves

The cost of sabbaticals and leaves are recorded when paid.

(i) Contributed services

Volunteers as well as members of the University community including alumni contribute an extensive number of hours per year to assist the institution in carrying out its service delivery activities. Such contributed services are not recognized in the financial statements.

(j) Financial instruments

The carrying amounts reported in the statement of financial position for accounts receivable, accounts payable, and accrued liabilities and long term debt approximate fair market value. The market value of long term investments has been reported in note 3.

(thousands of dollars)

3. LONG TERM INVESTMENTS

Investments are monitored by a Committee of the Board of Governors. Investments are managed by investment managers subject to asset mix and performance benchmarks contained in the investment policy of the Board of Governors. The investment managers report on a regular basis to the Committee of the Board. Investments are held in pooled funds.

The cost and market values of the investments in the pooled funds at April 30 were:

	2003		2002	
	Cost	Market	Cost	Market
Cash	$ 381	$ 381	$ 406	$ 406
Bonds	6,361	6,744	7,190	7,434
Equities	16,129	13,732	14,393	14,265
	$ 22,871	$ 20,857	$ 21,989	$ 22,105

Long term investments include investments of endowment funds $20,101 (2002 - $19,456) and of employee early retirement plans $2,770 (2002 - $2,533).

4. CAPITAL ASSETS

Capital assets and accumulated amortization consists of the following:

	2003			2002		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land and site improvements	$ 7,028	$ -	$ 7,028	$ 7,028	$ -	$ 7,028
Buildings	72,799	35,629	37,170	70,105	33,842	36,263
Equipment, software	31,498	22,380	9,118	30,923	21,333	9,590
Library books, serials	18,982	16,538	2,444	18,342	15,752	2,590
Construction in progress	17,068	-	17,068	1,341	-	1,341
	$ 147,375	$ 74,547	$ 72,828	$ 127,739	$ 70,927	$ 56,812

The net investment in capital assets is set out in note 10.

(thousands of dollars)

5. DEFERRED REVENUE

Deferred revenue represents unexpended amounts received in the current and prior years for services to be provided in a future year. Details of the year-end balances are as follows:

	2003	2002
Externally restricted donations	$ 3,659	$ 4,189
Student fees	2,035	1,477
Federal and Provincial Government grants	6,999	7,490
Other	462	425
	$ 13,155	$ 13,581

6. LONG TERM DEBT

Long term debt consists of:

	2003	2002
Canada Mortgage and Housing Corporation debentures for the Residential Colleges	$ 3,138	$ 3,212
Physics Building extension	1,100	1,186
Bradburn House renovations	607	641
Faculty voluntary early retirement program	6,024	6,061
Future cost of post-retirement benefits	525	629
	11,394	11,729
Amount due within one year shown as current liability	782	748
	$ 10,612	$ 10,981

Canada Mortgage and Housing Corporation debentures bear interest at rates from 5 7/8% to 8 1/4% and will mature on various dates between 2017 and 2024; annual instalments of principal and interest of $313 are included in expenses.

The financing for the Physics Building extension represents a fourteen year loan with the Bank of Montreal at a fixed rate of 6.48% payable in monthly blended instalments of $13 secured by an assignment of rents. The final payment falls due May 31, 2012.

(thousands of dollars)

6. LONG TERM DEBT (continued)

The loan regarding the Bradburn House is a fifteen year mortgage with the Bank of Montreal at a fixed rate of 7.2%, payable in blended monthly instalments of $6, secured by specific land and buildings. The final payment falls due August 31, 2014.

The faculty voluntary early retirement programs reflect payments required by individual contracts over varying future periods. The current and future costs of these programs have been reflected in the deficit and are based on the effective early retirement dates. Future costs will be funded from future revenues; therefore, the recognition of future costs in current year's expenditure increases the deficit (note 8).

The principal repayments estimated in each of the next five years are as follows:

2003-2004	$ 744
2004-2005	769
2005-2006	788
2006-2007	806
2007-2008	825

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of externally restricted contributions used for the purchase of capital assets. Details of the changes in the deferred contributions balance are as follows:

	2003	2002
Balance - beginning of year	$ 36,855	$ 33,870
Add contributions received for capital acquisitions	18,064	4,560
Less amortization of deferred capital contributions	(2,477)	(1,575)
Balance - end of year	$ 52,442	$ 36,855

(thousands of dollars)

8. DEFICIT

Details of the deficit are as follows:

	2003	2002
Deficit as per Statement 1	$ (11,115)	$ (12,030)
Deduct: Expenditure of future costs of Faculty voluntary early retirement plan which will be covered by revenues in future years	3,292	3,774
Expenditure of accrued staff vacation pay which will be covered by revenues in future years	905	828
Balance of deficit for general University operations	$ (6,918)	$ (7,428)

9. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted net assets are as follows:

	2003	2002
Internally restricted research and trust	$ 735	$ 458
Funds committed for specific purposes	10,625	5,884
	$ 11,360	$ 6,342

(thousands of dollars)

10. INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consist of the following:

	2003	2002
Capital assets (note 4)	$ 72,828	$ 56,812
Less amounts financed by long term debt:		
Long term debt pertaining to capital assets	(4,845)	(5,039)
Deferred capital contributions (note 7)	(52,442)	(36,855)
Less amounts financed internally	(1,451)	(1,092)
	$ 14,090	$ 13,826

11. ENDOWMENTS

Details of year end balances are as follows:

	2003		2002	
	Cost	Market	Cost	Market
Student assistance	$ 9,748	$ 10,331	$ 9,106	$ 10,864
General endowment	1,720	2,249	1,710	2,509
Library	937	1,265	918	1,397
Research	47	53	47	60
Colleges, departments, other	3,297	4,474	3,083	4,786
Reinvested realized earnings	4,410		4,605	
	$ 20,159	$ 18,372	$ 19,469	$ 19,616

While most endowment funds are externally restricted, some of the funds are internally restricted.

Reinvested realized earnings is the amount of earnings available for allocation to unit holders based on the Board's investment earnings distribution policy. The policy allows a maximum distribution of 4% on the average four-year rolling unit value at December 31.

(thousands of dollars)

11. ENDOWMENTS (continued)

Student Assistance - Ontario Student Opportunity Trust Fund
Externally restricted endowments include grants provided by the Government of Ontario from the Ontario Student Opportunity Trust Fund. Under the program the Government matched funds raised by the University. The purpose of the program is to assist academically qualified individuals who for financial reasons would not otherwise be able to attend university.

	2003	2002
Endowment balance including preservation of capital, beginning of year	$ 7,317	$ 7,097
Donations	19	22
Funds transferred from (to) Expendable Trust Funds	(25)	30
Preservation of capital	(31)	168
Endowment balance, end of year	$ 7,280	$ 7,317
Expendable funds available for bursaries, beginning of year	$ 394	$ 354
Investment income	262	264
Transferred to (from) Endowment Funds	25	(30)
Bursaries awarded	(293)	(194)
Expendable funds available for bursaries in subsequent years	$ 388	$ 394

In the 2003 fiscal year, 427 Ontario Student Opportunity Trust Fund bursaries were awarded to students who attended Trent University.

(thousands of dollars)

12. RETIREMENT PLANS

Actuarial valuations prepared during the year, which were based on projections of employees' compensation levels to the time of retirement, estimated that the present value of the accrued pension benefits and the value of net assets available to provide for these benefits, at market value, as of July 1 were as follows:

	July 1 2002	July 1 2001
Accrued retirement plans benefits		
Faculty pension plan	$ 79,179	$ 75,216
Non-faculty pension plan	47,953	45,322
Supplemental retirement arrangement	14,108	12,177
	$ 141,240	$ 132,715

	July 1 2002	July 1 2001
Retirement fund assets (market values)		
Faculty pension plan	$ 90,142	$ 93,424
Non-faculty pension plan	53,359	55,606
Supplemental retirement arrangement	5,252	4,202
	$ 148,753	$ 153,232

The current year's charge to operations was $1,335 (2002 - $1,224) for all retirement plans.

During 1998, the University split the faculty and non-faculty registered pension plan and established a supplemental retirement arrangement. The assets, liabilities and results of operations of the Plans are included in the financial statements of Trent University Pension Funds.

13. CONTINGENT LIABILITIES

Reciprocal Insurance
Trent University is a member of the Canadian Universities Reciprocal Insurance Exchange (CURIE). CURIE pools the property damage and public insurance risks for some forty institutions. All members pay annual deposit premiums which are actuarially determined and are subject to further assessment in the event members' premiums are insufficient to cover losses and expenses. As at December 31, 2002, CURIE had a surplus of $4,072 (2001 - $7,226).

14. TRENT UNIVERSITY FOUNDATION

The Trent University Foundation was incorporated as a separate crown corporation without share capital under the University Foundations Act, 1992, effective August 25, 1994. The Directors are appointed by the Lieutenant Governor in Council of Ontario. The objects of the Foundation are to solicit, receive, manage and distribute at its discretion money and other property to support education and research at the University. At the end of March 31, 2003, the Foundation had received gifts of a total appraised value of $5 for the year.

(thousands of dollars)

15. SUPERBUILD PROJECT FUNDING

In May 2000, Trent University received SuperBuild funding of $26,230 from the Province of Ontario for new arts and science facilities. In addition, Trent received $1,410 of $2,810 cooperative infrastructure funding in a joint project with Sir Sandford Fleming College of Applied Arts and Technology, to establish a broad band network between the institutions. As at April 30, 2003, the SuperBuild Project has incurred the following revenues and expenditures:

	2003	2002
Principal funding received	$ 27,640	$ 27,640
Interest accrued on unexpended balance	3,412	2,799
Private donations	1,493	1,173
Project expenditures	(18,030)	(2,058)
Net SuperBuild Project funds	$ 14,515	$ 29,554

The University entered into contracts for the construction of Science Complex Renovations/New Science Wing and Peter Gzowski College/First Peoples House of Learning. The total value of these contracts is $36,149 as of August 19, 2003.

Subsequent to April 30, 2003, the University entered into an interest rate swap agreement with the Bank of Montreal whereby the University fixed an interest rate on a long-term loan. This loan is to provide funding for the residence and dining portion of the Peter Gzowski College/First Peoples House of Learning project. The notional principal underlying the swap agreement amounted to $12,250 to mature on May 1, 2034 with an effective rate of interest of 6.415%.

(thousands of dollars)

16. STATUTORY SALARY DISCLOSURE REQUIREMENT

In accordance with the requirement of the Public Sector Salary Disclosure Act, 1995, of the Province of Ontario, Trent University paid the following employees of the University a salary in excess of $100,000 during the calendar year 2002(in dollars):

Name	Position	Salary	Taxable Benefit
Bandyopadhyay, P.	Professor of International Development Studies	$ 109,722	$ 586
Berrill, M.	Professor of Biology	$ 111,905	$ 586
Bordo, J.	Associate Professor, Cultural Studies	$ 100,362	$ 487
Boundas, C.	Professor of Philosophy	$ 109,842	$ 586
Brunger, A	Professor of Geography	$ 113,628	$ 586
Cogley, G.	Professor of Geography	$ 107,060	$ 572
Conolly, L.W.	Professor of English Literature	$ 119,202	$ 620
Curtis, D.	Professor of Economics	$ 103,605	$ 820
Dawson, P.	Professor of Physics	$ 107,081	$ 524
Dellamora, R.	Professor of English/Cultural Studies	$ 109,722	$ 586
Dillon, P.	Professor of Chemistry/ERS	$ 110,645	$ 586
Drewes, T.	Professor of Economics	$ 101,436	$ 500
Eadie, T.M.	University Librarian	$ 109,873	$ 586
Earnshaw, J.	Associate Professor of Physics	$ 105,154	$ 509
Evans, D.	Professor of ERS	$ 102,608	$ 544
Evans, W.F.	Professor of Physics/ERS	$ 113,304	$ 605
Fekete, J.	Professor of Cultural Studies	$ 111,514	$ 595
Hagman, R.S.	Professor of Anthropology/MLL	$ 111,169	$ 1,813
Healy, P.	Professor of Anthropology	$ 120,934	$ 581
Hillman, J.	Professor of Sociology	$ 111,514	$ 595
Hurley, R.	Associate Professor of Computer Science/Studies	$ 102,615	$ 400
Hutchinson, T.	Professor of ERS/Biology	$ 114,762	$ 605
Huxley, C.	Professor of Sociology/International Development	$ 108,852	$ 581
Johnston, G.	Professor of English Literature	$ 111,514	$ 595
Jones, E.H.	Professor of History	$ 112,436	$ 596
Jury, J.	Professor of Physics/ERS	$ 118,043	$ 605
Kane, S.H.	Professor of English/Cultural Studies	$ 111,514	$ 595
Kitchen, H.M.	Professor of Economics	$ 111,514	$ 595
Lasenby, D.	Professor of Biology	$ 109,722	$ 586
Lewars, E.	Professor of Chemistry	$ 108,852	$ 581
Mackle, S.	Vice-President (Advancement)	$ 112,626	$ 990

(thousands of dollars)

16. STATUTORY SALARY DISCLOSURE REQUIREMENT (continued) (in dollars):

Name	Position	Salary	Taxable Benefit
McCaskill, D.	Professor of Native Studies	$ 100,696	$ 741
McLachlan, I.	Professor of Cultural Studies	$ 130,752	$ 586
Metcalfe, C.	Dean of Research & Graduate Studies	$ 103,868	$ 3,207
Milloy, J.	Professor of Canadian Studies/History	$ 112,758	$ 581
Mitchell, O.	Professor of English Literature	$ 113,304	$ 605
Morrison, D.	Professor of International Development	$ 101,925	$ 707
Nader, G.A.	Professor of Geography	$ 103,754	$ 2,607
Neufeld, J.E.	Professor of English Literature	$ 109,722	$ 586
Noriega, T.	Professor of Modern Languages & Literature	$ 105,268	$ 562
Pachlke, R.	Professor of Political Studies/ERS	$ 113,304	$ 605
Palmer, B.	Professor of Canadian Studies	$ 109,722	$ 586
Parker, J.	Associate Professor of Psychology	$ 102,756	$ 420
Patterson, B.	President and Vice Chancellor	$ 202,500	$22,675
Peterman, M.	Professor of English Literature	$ 109,722	$ 586
Pollock, Z.H.	Professor of English Literature	$ 109,722	$ 586
Reker, G.T.	Professor of Psychology	$ 111,514	$ 868
Sheinin, D.	Professor of History	$ 102,451	$ 447
Slavin, A.J.	Professor of Physics	$ 111,514	$ 595
Smith, C.T.	Professor of Psychology	$ 106,105	$ 720
So, J.	Professor of Anthropology	$ 105,268	$ 562
Standen, D.	Professor of History	$ 105,323	$ 719
Struthers, J.	Professor of Canadian Studies/History	$ 103,477	$ 553
Sutcliffe, J.	Associate Dean of Science	$ 100,520	$ 537
Taylor, C.H.	Dean of Arts & Science	$ 124,722	$ 666
Taylor, G.D.	Vice-President (Academic)	$ 139,236	$ 4,815
Torgerson, D.	Professor of Cultural Studies	$ 104,395	$ 4,640
Tromly, F.B.	Professor of English Literature	$ 113,304	$ 605
Vastokas, J.	Professor of Anthropology	$ 118,116	$ 605
Wadland, J.H.	Professor of Canadian Studies	$ 109,722	$ 586
White, B.	Professor of Biology	$ 121,222	$ 586
Young, A.S.	Vice-President (Administration)	$ 132,120	$ 682