Financial Statements

April 30, 2005

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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, 2005

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 financial position as at April 30, 2005, and the results of its operations and cash flows for 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, 2005, 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.

Don O'Leary
D. O'Leary
Vice-President Administration

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

September, 2005

Introduction to Trent University's Financial Statements 2004-05

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 the past three years, the Province of Ontario has assisted Trent University in meeting the increase in demand for university education. This increased demand was the result of a combination of factors including secondary school reforms that eliminated a 5th year of high school study, an increasing rate of participation in university education, and changing workplace requirements in the new economy that demand higher educational attainment. Trent's plan was to grow its overall size to over 7,000 students including some 420 international students and up to 300 graduate students. The Board of Governors approved a Strategic Directions document for Trent University which will provide the focus for university developments through 2010. New faculty have been hired to accommodate the increased enrollment demand for Trent's programs, several of whom will support Trent University operations on the campus of the University of Ontario Institute of Technology (UOIT) in Oshawa.

Expanded facilities have been built to accommodate enrolment increases. The Chemical Science Building, refurbished Science Complex and Peter Gzowski College were opened in 2004/05. In addition to the government SuperBuild grant of $26.23 million, the University committed an additional $3.6 million as a matching component of the program and $13.5 million in capital debt financing to add 250 residence rooms. Combined with other funding, this represents over $55 million dollars of new investment at Trent, the largest capital investment in the University's history. 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 and at Trent, estimates are in the order of $16 million. Currently, the provincial government is providing $27 million to universities through their Facilities Renewal Program, which represents 17% of that required to maintain the status quo. Trent's formulaic share is approximately $438,000 each year, an inadequate policy and investment outcome for certain.

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

- As a percentage share of operating revenue, grants have increased and represent 51.9% of operating revenue while tuition has hit a record low as a percentage share for sometime at 44.8%.
- Tuition fees have been frozen by current government policy for two years although limited compensation was received in one-time funding in 2004-05 of $413,000. Combined, grant and tuition compensation dollars, significantly limits the University's ability to fund inflationary cost pressures that run over 5 per cent annually.
- The major expenditure in the budget continues to be in salaries and benefits, which represent 75.5% of operating expenditures. This is not surprising in a knowledge-intensive organization.
- In real dollars, more institutional funds are dedicated again this year to scholarships and bursaries for students. Trent's increase has been from $4.5 million in 2001 to over $7.7 million in 2005.
- Significant growth in the total revenue and expenditure pattern of the University has occurred over 5 years, from a $66.2 million operation to an over $100 million operation.

With government support lagging inflation, 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. During 2004/05, the Board approved one such project using Endowment Lands in a partnership development associated with power generation. We will continue to seek improvements in our operational efficiency to help offset annual inflationary costs, however, with substantial growth associated with the flow through of double cohort students, this will be a significant challenge. We are hopeful of new government investments announced in the 2005 Ontario budget. Staying focused 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 2004/05, 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 continued implementation of a new joint degree program in nursing and growth in the Baccalaureate programs in Education and Forensic Sciences. As well, 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 have increased student interest in Trent University.

The successful fundraising program that secured $5.6 million dollars by the end of 2004/05 will support new facilities, enhanced research capacity, 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 6.3%. This attests to the strength of our faculty capability that is so important to our future and the distinctiveness of Trent amongst our peer institutions in Canada.

ENDOWMENTS increased by 11.4% over last year from $21.6 to $24.0 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, 2005

SUMMARY OF TOTAL REVENUE AND EXPENDITURE

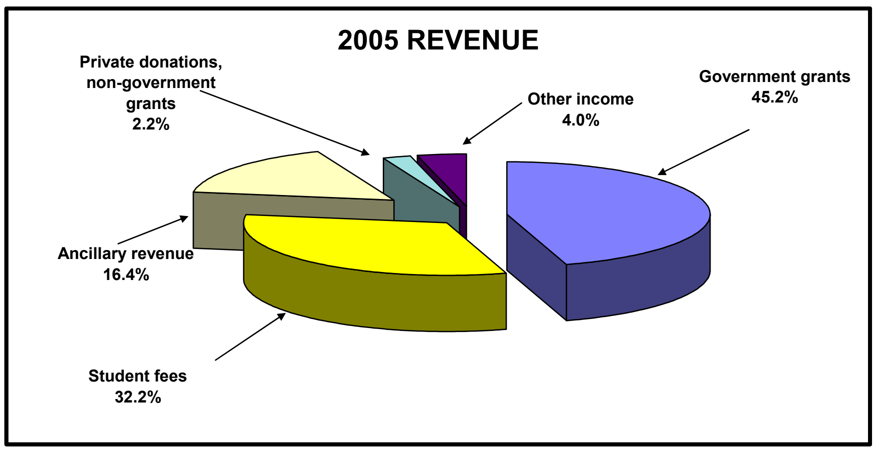
(includes unrestricted, internally restricted, externally restricted, investments in capital assets)
(millions of dollars)

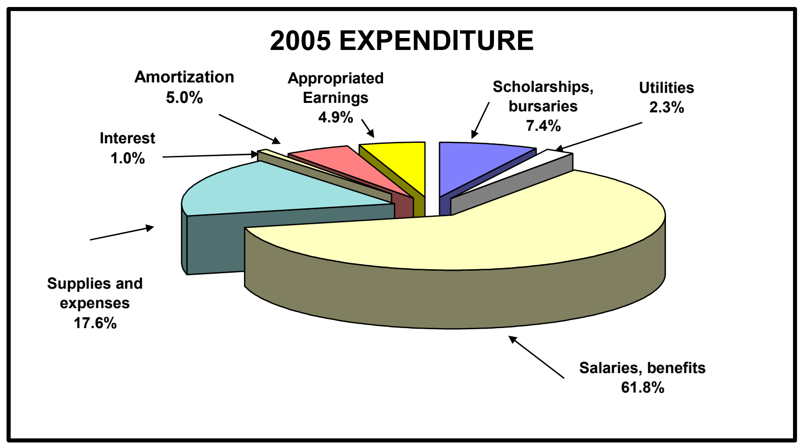
REVENUE

2005	2004	2003	2002	2001		2005	2004	2003	2002	2001
$47.4	$42.8	$38.7	$32.8	$30.0	Government grants	45.2%	43.8%	44.8%	43.1%	45.3%
33.8	32.1	27.0	22.8	20.6	Student fees	32.2%	32.8%	31.3%	30.0%	31.1%
17.2	15.8	13.3	11.8	11.4	Ancillary revenue	16.4%	16.2%	15.4%	15.5%	17.2%
2.3	3.2	3.5	3.0	1.6	Private donations, non-government grants	2.2%	3.3%	4.1%	3.9%	2.4%
4.2	3.8	3.8	5.7	2.6	Other income	4.0%	3.9%	4.4%	7.5%	4.0%
$104.9	$97.7	$86.3	$76.1	$66.2		100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURE

2005	2004	2003	2002	2001		2005	2004	2003	2002	2001
$64.8	$58.5	$50.3	$45.6	$43.4	Salaries and benefits	61.8%	60.4%	59.0%	60.7%	65.2%
7.7	7.2	5.9	5.1	4.5	Scholarships and bursaries	7.4%	7.4%	6.9%	6.8%	6.8%
2.4	2.1	1.7	1.6	1.7	Utilities	2.3%	2.2%	2.0%	2.1%	2.6%
1.0	0.5	0.2	0.5	0.5	Interest	1.0%	0.5%	0.2%	0.7%	0.8%
18.4	19.1	18.4	14.6	12.1	Supplies and expenses	17.6%	19.7%	21.5%	19.4%	18.2%
5.2	4.6	3.6	3.1	4.0	Amortization	5.0%	4.8%	4.2%	4.1%	6.0%
5.1	4.8	5.3	4.6	0.4	Appropriated Earnings	4.9%	5.0%	6.2%	6.2%	0.4%
$104.6	$96.8	$85.4	$75.1	$66.6		100.0%	100.0%	100.0%	100.0%	100.0%





SUMMARY OF OPERATING REVENUE AND EXPENDITURE

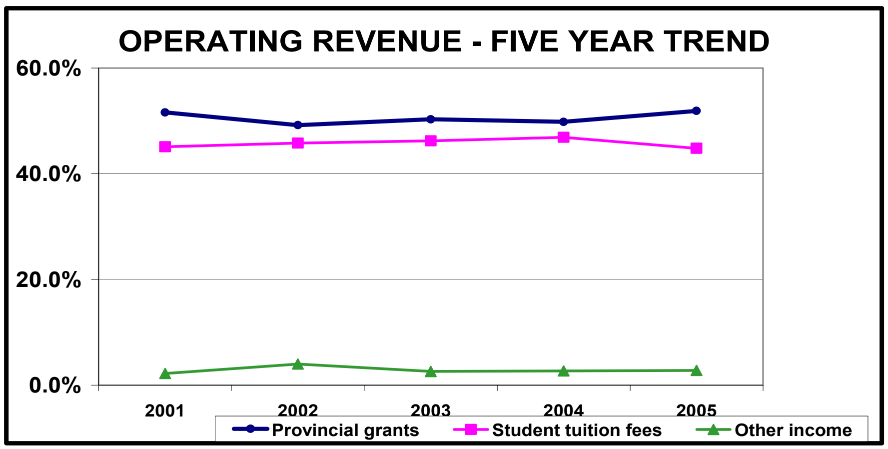
(millions of dollars)

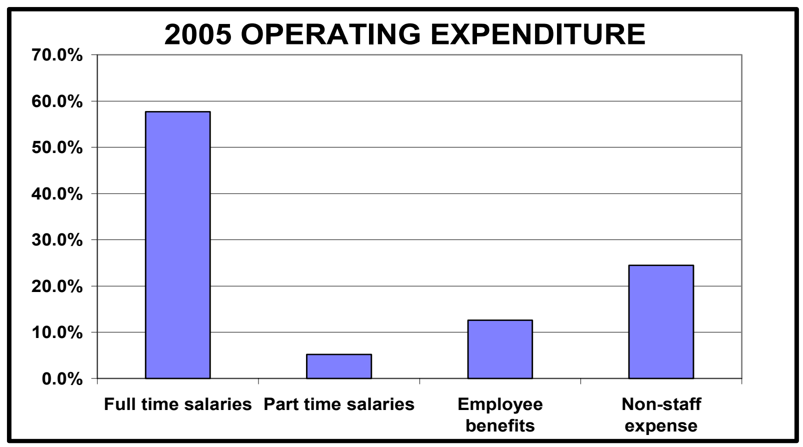
REVENUE

2005	2004	2003	2002	2001		2005	2004	2003	2002	2001
$39.2	$34.0	$29.3	$24.5	$23.6	Provincial grants	51.9%	49.8%	50.3%	49.2%	51.6%
33.8	32.1	27.0	22.8	20.6	Student tuition fees	44.8%	46.9%	46.2%	45.8%	45.1%
0.4	0.4	0.5	0.5	0.5	Donations and grants	0.5%	0.6%	0.9%	1.0%	1.1%
2.1	1.9	1.6	2.0	1.0	Other income	2.8%	2.7%	2.6%	4.0%	2.2%
$75.5	$68.4	$58.4	$49.8	$45.7		100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURE

2005	2004	2003	2002	2001		2005	2004	2003	2002	2001
$56.8	$50.8	$43.0	$39.2	$38.1	Salaries and benefits	75.5%	75.0%	74.5%	81.0%	83.4%
6.4	5.8	4.6	4.1	3.7	Scholarships and bursaries	8.5%	8.6%	8.0%	8.5%	8.1%
1.2	1.1	0.8	0.7	0.8	Utilities	1.6%	1.6%	1.4%	1.4%	1.8%
5.1	6.0	4.9	2.1	2.1	Supplies and expenses	6.8%	8.9%	8.5%	4.3%	4.6%
5.7	4.0	4.4	2.3	1.0	Appropriated earnings	7.6%	5.9%	7.6%	4.8%	2.1%
$75.2	$67.7	$57.7	$48.4	$45.7		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, 2005 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, 2005 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 18, 2005

Statement 1

Trent University

Statement of Financial Position
April 30, 2005
(with comparative figures for April 30, 2004)
(thousands of dollars)

	2005	2004
ASSETS		
Current		
Cash and short term investments	$ 18,606	$ 22,202
SuperBuild funds (note 15)	47	169
Accounts receivable	4,036	2,547
Inventories	109	88
Prepaid expenses and deposits	323	326
	23,121	25,332
Long term investments (note 3)	24,746	23,688
Capital assets (note 4)	117,529	109,459
	$ 165,396	$ 158,479
LIABILITIES AND DEFERRED CAPITAL CONTRIBUTIONS		
Current		
Accounts payable and accrued liabilities	$ 10,642	$ 12,288
Current portion of long term debt	1,034	977
Deferred revenue (note 5)	14,310	12,224
Deferred SuperBuild revenue (note 15)	47	169
	26,033	25,658
Long term debt (note 6)	22,611	22,640
	48,644	48,298
Deferred capital contributions (note 7)	67,309	68,538
NET ASSETS		
Deficit (note 8)	(9,909)	(10,154)
Internally restricted (note 9)	11,562	10,968
Investment in capital assets (note 10)	23,763	19,263
Endowments (note 11)	24,027	21,566
	49,443	41,643
	$ 165,396	$ 158,479

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, 2005
(with comparative figures for April 30, 2004)
(thousands of dollars)

	2005					2004
	Deficit	Internally Restricted	Investment in Capital Assets	Endowment	Total	Total
Net assets (deficit), beginning of year	$ (10,154)	$ 10,968	$ 19,263	$ 21,566	$ 41,643	$ 34,494
Excess of revenue over expense for the year	5,339	-	-	-	5,339	5,742
Change in internally restricted funds	(594)	594	-	-	-	
Change in investment in capital assets	(4,500)	-	4,500	-	-	
Endowment contributions credited directly to endowment	-	-	-	2,461	2,461	1,407
Net assets (deficit), end of year	$ (9,909)	$ 11,562	$ 23,763	$ 24,027	$ 49,443	$ 41,643

The accompanying notes are an integral part of the financial statements

Statement 3

Trent University

Statement of Operations
Year Ended April 30, 2005
(with comparative figures for April 30, 2004)
(thousands of dollars)

	2005	2004
REVENUE		
Government grants	$ 47,428	$ 42,775
Tuition fees	33,782	32,131
Ancillary sales of services	17,194	15,827
Donations and grants	2,336	3,227
Investment income	1,506	1,358
Miscellaneous	2,619	2,463
	104,865	97,781
EXPENSE		
Salaries and benefits	64,776	58,478
Scholarships and bursaries	7,702	7,160
Utilities	2,353	2,153
Supplies and expenses	18,431	19,157
Interest	1,055	482
Amortization		
Library acquisitions	745	797
Other capital assets	4,464	3,812
	99,526	92,039
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	5,339	5,742
Change in Internally Restricted Net Assets	(594)	392
Change in Investment in Capital Assets	(4,500)	(5,173)
DECREASE IN DEFICIT FOR THE YEAR	245	961
DEFICIT – beginning of year	(10,154)	(11,115)
DEFICIT – end of year	$ (9,909)	$ (10,154)

The accompanying notes are an integral part of the financial statements

Statement 4

Trent University

Statement of Cash Flows
Year Ended April 30, 2005
(with comparative figures for April 30, 2004)
(thousands of dollars)

	2005	2004
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenue over expense for the year	$ 5,339	$ 5,742
Amortization of capital assets	5,906	4,609
Decrease (increase)in non-cash working capital items (net)	(1,041)	3,785
Increase (decrease) in deferred capital contributions	(1,229)	16,096
	8,975	30,232
ENDOWMENT ACTIVITIES		
Endowment contributions	2,461	1,407
FINANCING AND INVESTING ACTIVITIES		
SuperBuild project funding (net of expenditures) (note 15)	(122)	(14,346)
Proceeds from long term debt	443	12,430
Repayment of long term debt	(415)	(207)
Purchase of capital assets	(14,002)	(41,273)
Increase in long term investments	(1,058)	(817)
	(15,154)	(44,213)
NET DECREASE IN CASH FOR THE YEAR	(3,718)	(12,574)
CASH POSITION - beginning of year	22,371	34,945
CASH POSITION - end of year	$ 18,653	$ 22,371
CASH POSITION REPRESENTED BY:		
Cash and short term investments	$ 18,606	$ 22,202
SuperBuild funds	47	169
	$ 18,653	$ 22,371

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 (SRA) which cover eligible faculty and staff. The assets, liabilities and results of operations of the plans are included in the financial statements of the respective Trent University pension funds. Accrued pension benefits are actuarially determined using the projected benefit method pro rated on service and management's best estimate of expected long term rate of return on plan assets, salary escalation and retirement ages of employees. The current year's charge to operations in respect of funding of the plans includes, as applicable, current service costs, amortization of past service costs and valuation adjustments. The cost of providing post-retirement benefits is 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.

(k) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from those estimates.

(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.

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

	2005		2004	
	Cost	Market	Cost	Market
Cash	$ 538	$ 538	$ 234	$ 234
Bonds	9,232	9,649	7,878	8,099
Equities	14,976	15,995	15,576	15,817
	$ 24,746	$ 26,182	$ 23,688	$ 24,150

Long term investments include investments of endowment funds $21,712 (2004 - $20,757) and of employee early retirement plans $3,034 (2004 - $2,931).

4. CAPITAL ASSETS

Capital assets and accumulated amortization consists of the following:

	2005			2004		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land and site improvements	$ 7,336	$ -	$ 7,336	$ 7,028	$ -	$ 7,028
Buildings	133,070	40,491	92,579	76,028	37,569	38,459
Equipment, software	38,900	24,854	14,046	33,870	23,311	10,559
Library books, serials	20,527	18,079	2,448	19,872	17,335	2,537
Construction in progress	1,120	-	1,120	50,876	-	50,876
	$ 200,953	$ 83,424	$ 117,529	$ 187,674	$ 78,215	$ 109,459

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:

	2005	2004
Externally restricted donations	$ 3,832	$ 3,666
Student fees	1,432	2,154
Federal and Provincial Government grants	7,988	5,771
Other	1,058	633
	$ 14,310	$ 12,224

6. LONG TERM DEBT

Long term debt consists of:

	2005	2004
Canada Mortgage and Housing Corporation debentures for the Residential Colleges	$ 2,974	$ 3,059
Physics Building extension	910	1,008
Bradburn House renovations	525	571
Gzowski College Residence	12,116	12,272
Faculty voluntary early retirement program	5,899	6,103
Future cost of post-retirement benefits	796	547
Other	425	57
	23,645	23,617
Amount due within one year shown as current liability	1,034	977
	$ 22,611	$ 22,640

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, 2008 and management intends to refinance.

(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 3.77%, payable in blended monthly instalments of $6, secured by specific land and buildings. The final payment falls due August 31, 2006 and management intends to refinance.

The residence and dining portion of the Peter Gzowski College/First Peoples House of Learning is funded through an interest rate swap agreement with the Bank of Montreal to mature on May 1, 2034 with an effective rate of interest of 6.415%. Annual principal and interest payments are $924.

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 cost savings, 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:

2005-2006	$ 1,034
2006-2007	1,064
2007-2008	1,077
2008-2009	1,108
2009-2010	1,142

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:

	2005	2004
Balance - beginning of year	$ 68,538	$ 52,442
Add contributions received for capital acquisitions	2,565	18,928
Less amortization of deferred capital contributions	(3,794)	(2,832)
Balance - end of year	$ 67,309	$ 68,538

(thousands of dollars)

8. DEFICIT

Details of the deficit are as follows:

	2005	2004
Deficit as per Statement 1	$ (9,909)	$ (10,154)
Deduct: Expenditure of future costs of Faculty voluntary early retirement plan which will be covered by revenues in future years	3,024	3,350
Expenditure of accrued staff vacation pay which will be covered by revenues in future years	1,195	1,050
Balance of deficit for general University operations	$ (5,690)	$ (5,754)

9. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted net assets are as follows:

	2005	2004
Internally restricted research and trust	$ 238	$ 701
Funds committed for specific purposes	11,324	10,267
	$ 11,562	$ 10,968

10. INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consists of the following:

	2005	2004
Capital assets (note 4)	$ 117,529	$ 109,459
Less amounts financed by long term debt:		
Long term debt pertaining to capital assets	(16,972)	(16,967)
Deferred capital contributions (note 7)	(67,309)	(68,538)
Less amounts financed internally	(9,485)	(4,691)
	$ 23,763	$ 19,263

(thousands of dollars)

11. ENDOWMENTS

Details of year end balances are as follows:

	2005		2004	
	Cost	Market	Cost	Market
Student assistance	$ 12,963	$ 15,214	$ 10,851	$ 12,741
General endowment	1,860	2,751	1,848	2,669
Library	1,096	1,621	1,079	1,567
Research	47	61	47	60
Colleges, departments, other	3,815	5,695	3,537	5,268
Reinvested realized earnings	4,246		4,204	
	$ 24,027	$ 25,342	$ 21,566	$ 22,305

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.

	2005	2004
Endowment balance including preservation of capital, beginning of year	$ 7,144	$ 7,280
Donations	1	6
Funds transferred from Expendable Trust Funds	96	3
Preservation of capital	(143)	(145)
Endowment balance, end of year	$ 7,098	$ 7,144
Expendable funds available for bursaries, beginning of year	$ 373	$ 388
Investment income	248	255
Transferred to Endowment Funds	(96)	(3)
Bursaries awarded	(204)	(267)
Expendable funds available for bursaries in subsequent years	$ 321	$ 373

In the 2005 fiscal year, 265 Ontario Student Opportunity Trust Fund bursaries were awarded to students who attended Trent University. The market value of the endowment as at April 30, 2005 was $6,495 (2004 - $6,237).

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(thousands of dollars)

12. RETIREMENT PLANS

The estimated accrued pension benefits and the net assets available to provide these benefits, at market value, as of the most recent actuarial valuation dated July 1, 2004, were as follows:

	Faculty	Non-faculty	SRA	Total
Accrued pension benefits				
Balance, beginning of year	$ 89,580	$ 51,594	$ 12,315	$ 153,489
Current service cost	3,099	2,693	463	6,255
Interest cost	6,703	3,898	934	11,535
Benefits paid	(3,524)	(1,944)	(178)	(5,646)
Actuarial loss	1,303	48	2,013	3,364
Change in actuarial assumptions	(884)	(181)	593	(472)
Additional temporary early retirement reserve	-	800	-	800
Balance, end of year	96,277	56,908	16,140	169,325
Plan assets				
Market value, beginning of year	89,948	53,016	6,569	149,533
Actual return	13,216	7,791	977	21,984
Employer contributions	-	-	1,539	1,539
Employee contributions	1,180	476	-	1,656
Benefits paid	(3,524)	(1,944)	(200)	(5,668)
Plan expenses	(615)	(448)	(45)	(1,108)
Market value, end of year	100,205	58,891	8,840	167,936
Funding surplus (deficit)	3,928	1,983	(7,300)	(1,389)
Unamortized actuarial gain	1,066	616	-	1,682
Accrued pension plan asset (liability)	$ 4,994	$ 2,599	$ (7,300)	$ 293

The accrued pension asset has not been recognized in the financial statements of the University.

(thousands of dollars)

12. RETIREMENT PLANS (continued)

The significant actuarial assumptions used in determining the accrued pension asset (liability) are as follows:

	2004	2003
Discount rate	3.0%	4.0%
Expected long term rate of return on plan assets	6.75%	6.6%
Rate of compensation increase	4.5%	5.5%

The expected long term rate of return on plan assets is based on the fair value of the plan assets as at July 1, 2004.

The current year's charge to operations was $1,694 (2004 - $1,507) for all retirement plans.

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, 2004, CURIE had a surplus of $5,995 (2003 - $100).

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. The net assets of the Foundation as at March 31, 2005 were $3 (2004 - $2).

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, 2005, the unexpended balance is $47 and the project is expected to be complete by December 31, 2005.

16. COMMITMENTS AND CONTINGENCIES WITH RESPECT TO CONSTRUCTION IN PROGRESS

In prior years, the University entered into contracts for the construction of Science Complex Renovations/New Science Wing and Peter Gzowski College/First Peoples House of Learning. As at April 30, 2005, certain lawsuits and liens have been claimed and counter-claimed with respect to the construction project. While the outcome of these matters is subject to future resolution, management's evaluation and analysis of such matters indicates that the probable ultimate resolution of these disputes will not have a material effect on the current year's financial statements.

17. COMPARATIVE FINANCIAL STATEMENTS

Certain of the comparative figures have been reclassified from statements previously presented to conform to the presentation of the current year financial statements.