



Financial Statements

April 30, 2006

Trent University
Financial Statements
April 30, 2006

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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, 2006

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, 2006, 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, 2006, 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.



D. O'Leary
Vice-President Administration



B.M. Patterson
President and Vice-Chancellor

September, 2006

Introduction to Trent University's Financial Statements 2005-06

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 insights – 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 Ontario Universities in meeting the increase in demand for university education. 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 enrolment levels have been achieved. Growth was but one dimension of change approved at Trent by the Board of Governors in a Strategic Directions document that provides focus for university developments through 2010. Financial stability is a cornerstone of the Board's strategy and this year's results reflect continued progress.

Construction of the DNA Research and Teaching Facility started in July 2005 for completion in September 2006. Costs incurred to April 30, 2006 were \$10.2 million. Combined with other recent facilities projects such as the Chemical Science Building and Peter Gzowski College, this represents over \$65 million dollars of new investment at Trent, the largest capital investment in the University's history. In addition, Trent received a one-time \$2.1 million grant in April 2005 from the provincial government through their Facilities Renewal Program plus the annual grant of \$438,000, allowing several deferred maintenance projects to be undertaken.

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

- As a percentage share of operating revenue, government grants have increased as a result of enrolment growth and represent 52.2% of operating revenue while tuition has hit a record low as a percentage share of operating revenue at 44.0%.
- Tuition fees were again frozen by current government policy although limited compensation was received in one-time funding in 2005-06 of \$935,000. Combined, grant and tuition dollars fall short of inflationary cost pressures that run over 5 per cent annually and budget pressures continue.
- The major expenditure in the budget continues to be in salaries and benefits, which represent 78.0% of operating expenditures. This is expected in a knowledge-intensive organization.
- In real dollars, more institutional funds were dedicated again this year to scholarships and bursaries for students. Trent's increase has been from \$5.1 million in 2002 to \$7.7 million in 2006, supporting our objective to be accessible to students regardless of socio-economic background.
- Significant growth in the total revenue and expenditure pattern of the University has occurred over 5 years, from a \$76.1 million operation to an over \$115 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. 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 look forward to new government investments announced in the 2006 Ontario budget. Planning strategically and staying focused will be important as we strive to maintain the quality of our programs and attract talented people as competition for faculty in particular, and for students increases both provincially and nationally.

Introduction to Trent University's Financial Statements 2005-06 (continued)

Critical success factors in our financial stability have been an enhanced marketing and recruitment strategy and new academic directions. Included in this effort are the continued implementation of a new joint degree program in nursing, growth in the Baccalaureate programs in Education and Forensic Sciences and the introduction of new graduate programs to our program mix. As well, a major focus has been on building broader awareness of Trent, its attributes and a learning environment that uniquely prepares students to make a difference in society.

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 13.4%. 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 11.6% over last year from \$24.0 to \$26.8 million. A significant component of that endowment, over \$15 million, is used to support students directly with financial assistance.

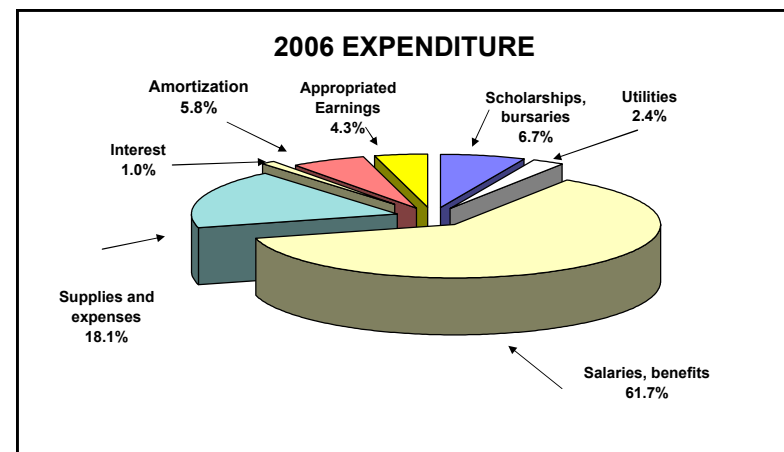
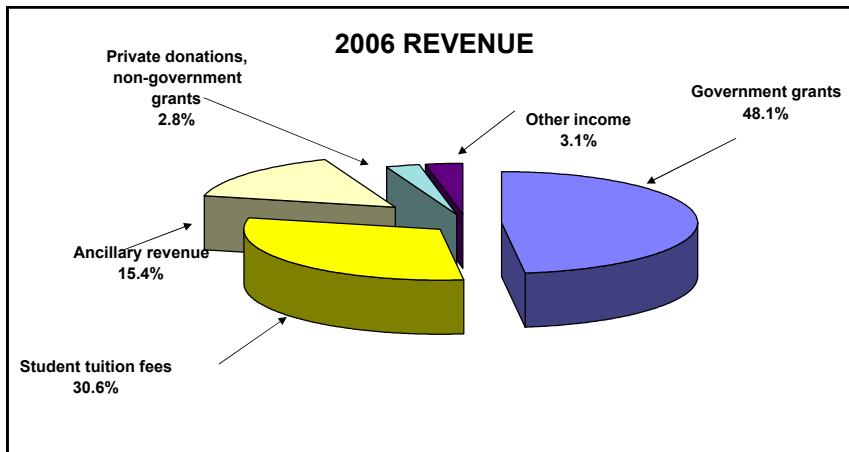
Professor Bonnie M. Patterson
President & Vice Chancellor
September, 2006

SUMMARY OF TOTAL REVENUE AND EXPENDITURE

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

REVENUE										
2006	2005	2004	2003	2002		2006	2005	2004	2003	2002
\$55.8	\$47.4	\$42.8	\$38.7	\$32.8	Government grants	48.1%	45.2%	43.8%	44.8%	43.1%
35.4	33.8	32.1	27.0	22.8	Student tuition fees	30.6%	32.2%	32.8%	31.3%	30.0%
17.8	17.2	15.8	13.3	11.8	Ancillary revenue	15.4%	16.4%	16.2%	15.4%	15.5%
3.2	2.3	3.2	3.5	3.0	Private donations, non-government grants	2.8%	2.2%	3.3%	4.1%	3.9%
3.6	4.2	3.8	3.8	5.7	Other income	3.1%	4.0%	3.9%	4.4%	7.5%
\$115.8	\$104.9	\$97.7	\$86.3	\$76.1		100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURE										
2006	2005	2004	2003	2002		2006	2005	2004	2003	2002
\$71.0	\$64.8	\$58.5	\$50.3	\$45.6	Salaries and benefits	61.7%	61.8%	60.4%	59.0%	60.7%
7.7	7.7	7.2	5.9	5.1	Scholarships and bursaries	6.7%	7.4%	7.4%	6.9%	6.8%
2.8	2.4	2.1	1.7	1.6	Utilities	2.4%	2.3%	2.2%	2.0%	2.1%
1.1	1.0	0.5	0.2	0.5	Interest	1.0%	1.0%	0.5%	0.2%	0.7%
20.9	18.4	19.1	18.4	14.6	Supplies and expenses	18.1%	17.6%	19.7%	21.5%	19.4%
6.7	5.2	4.6	3.6	3.1	Amortization	5.8%	5.0%	4.8%	4.2%	4.1%
5.0	5.1	4.8	5.3	4.6	Appropriated Earnings	4.3%	4.9%	5.0%	6.2%	6.2%
\$115.2	\$104.6	\$96.8	\$85.4	\$75.1		100.0%	100.0%	100.0%	100.0%	100.0%

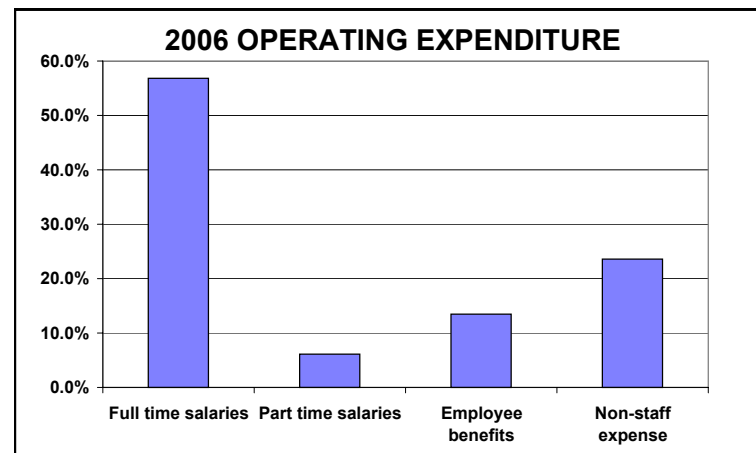
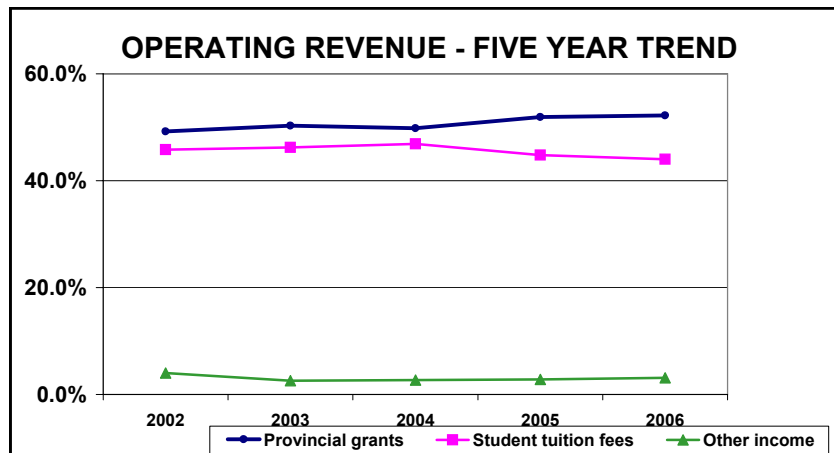


SUMMARY OF OPERATING REVENUE AND EXPENDITURE

(millions of dollars)

REVENUE										
2006	2005	2004	2003	2002		2006	2005	2004	2003	2002
\$41.9	\$39.2	\$34.0	\$29.3	\$24.5	Provincial grants	52.2%	51.9%	49.8%	50.3%	49.2%
35.4	33.8	32.1	27.0	22.8	Student tuition fees	44.0%	44.8%	46.9%	46.2%	45.8%
0.6	0.4	0.4	0.5	0.5	Donations and grants	0.7%	0.5%	0.6%	0.9%	1.0%
2.5	2.1	1.9	1.6	2.0	Other income	3.1%	2.8%	2.7%	2.6%	4.0%
\$80.4	\$75.5	\$68.4	\$58.4	\$49.8		100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURE										
2006	2005	2004	2003	2002		2006	2005	2004	2003	2002
\$62.2	\$56.8	\$50.8	\$43.0	\$39.2	Salaries and benefits	78.0%	75.5%	75.0%	74.5%	81.0%
6.3	6.4	5.8	4.6	4.1	Scholarships and bursaries	7.9%	8.5%	8.6%	8.0%	8.5%
1.3	1.2	1.1	0.8	0.7	Utilities	1.6%	1.6%	1.6%	1.4%	1.4%
6.9	5.1	6.0	4.9	2.1	Supplies and expenses	8.6%	6.8%	8.9%	8.5%	4.3%
3.1	5.7	4.0	4.4	2.3	Appropriated earnings	3.9%	7.6%	5.9%	7.6%	4.8%
\$79.8	\$75.2	\$67.7	\$57.7	\$48.4		100.0%	100.0%	100.0%	100.0%	100.0%



AUDITORS' REPORT

**To the Board of Governors
Trent University**

We have audited the statement of financial position of Trent University as at April 30, 2006 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, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



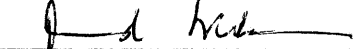
Peterborough, Ontario
August 17, 2006

Statement 1

Trent University
Statement of Financial Position
April 30, 2006
(with comparative figures for April 30, 2005)
(thousands of dollars)

	2006	2005
ASSETS		
Current		
Cash and short term investments	\$ 18,841	\$ 18,653
Accounts receivable	3,716	4,036
Inventories	83	109
Prepaid expenses and deposits	458	323
	<u>23,098</u>	<u>23,121</u>
Long term investments (note 3)	28,594	24,746
Capital assets (note 4)	<u>128,051</u>	<u>117,529</u>
	<u><u>\$ 179,743</u></u>	<u><u>\$ 165,396</u></u>
LIABILITIES AND DEFERRED CAPITAL CONTRIBUTIONS		
Current		
Accounts payable and accrued liabilities	\$ 13,044	\$ 10,642
Current portion of long term debt	1,057	1,034
Deferred revenue (note 5)	<u>16,103</u>	<u>14,357</u>
	<u>30,204</u>	<u>26,033</u>
Long term debt (note 6)	<u>22,122</u>	<u>22,611</u>
	<u>52,326</u>	<u>48,644</u>
Deferred capital contributions (note 7)	<u>69,632</u>	<u>67,309</u>
NET ASSETS		
Deficit (note 8)	(9,319)	(9,909)
Internally restricted (note 9)	12,383	11,562
Investment in capital assets (note 10)	27,901	23,763
Endowments (note 11)	<u>26,820</u>	<u>24,027</u>
	<u>57,785</u>	<u>49,443</u>
	<u><u>\$ 179,743</u></u>	<u><u>\$ 165,396</u></u>

Approved by the Board of Governors

Governor  Governor 

The accompanying notes are an integral part of the financial statements

Trent University
Statement of Changes in Net Assets
Year Ended April 30, 2006
(with comparative figures for April 30, 2005)
(thousands of dollars)

	2006					2005
	Deficit	Internally Restricted	Investment in Capital Assets	Endowment	Total	Total
Net assets (deficit), beginning of year	\$ (9,909)	\$ 11,562	\$ 23,763	\$ 24,027	\$ 49,443	\$ 41,643
Excess of revenue over expense for the year	5,549	-	-	-	5,549	5,339
Change in internally restricted funds	(821)	821	-	-	-	-
Change in investment in capital assets	(4,138)	-	4,138	-	-	-
Endowment contributions credited directly to endowment	-	-	-	2,793	2,793	2,461
Net assets (deficit), end of year	<u>\$ (9,319)</u>	<u>\$ 12,383</u>	<u>\$ 27,901</u>	<u>\$ 26,820</u>	<u>\$ 57,785</u>	<u>\$ 49,443</u>

The accompanying notes are an integral part of the financial statements

Statement 3

Trent University
Statement of Operations
Year Ended April 30, 2006
(with comparative figures for April 30, 2005)
(thousands of dollars)

	<u>2006</u>	<u>2005</u>
REVENUE		
Government grants	\$ 55,843	\$ 47,428
Tuition fees	35,390	33,782
Ancillary sales and services	17,839	17,194
Donations and grants	3,215	2,336
Investment income	1,780	1,506
Miscellaneous	<u>1,771</u>	<u>2,619</u>
	<u>115,838</u>	<u>104,865</u>
EXPENSE		
Salaries and benefits	71,023	64,776
Scholarships and bursaries	7,744	7,702
Utilities	2,786	2,353
Supplies and expenses	20,859	18,431
Interest	1,150	1,055
Amortization		
Library acquisitions	703	745
Other capital assets	<u>6,024</u>	<u>4,464</u>
	<u>110,289</u>	<u>99,526</u>
EXCESS OF REVENUE OVER EXPENSE FOR THE YEAR	<u>5,549</u>	<u>5,339</u>
Change in Internally Restricted Net Assets	(821)	(594)
Change in Investment in Capital Assets	<u>(4,138)</u>	<u>(4,500)</u>
DECREASE IN DEFICIT FOR THE YEAR	590	245
DEFICIT – beginning of year	<u>(9,909)</u>	<u>(10,154)</u>
DEFICIT – end of year	<u>\$ (9,319)</u>	<u>\$ (9,909)</u>

The accompanying notes are an integral part of the financial statements

Statement 4

Trent University
Statement of Cash Flows
Year Ended April 30, 2006
(with comparative figures for April 30, 2005)
(thousands of dollars)

	<u>2006</u>	<u>2005</u>
CASH PROVIDED FROM (USED FOR)		
OPERATING ACTIVITIES		
Excess of revenue over expense for the year	\$ 5,549	\$ 5,339
Amortization of capital assets	6,727	5,209
Change in non-cash working capital items	4,359	(1,041)
Increase (decrease) in deferred capital contributions	<u>2,323</u>	<u>(1,229)</u>
	<u>18,958</u>	<u>8,278</u>
 ENDOWMENT ACTIVITIES		
Endowment contributions	<u>2,793</u>	<u>2,461</u>
 FINANCING AND INVESTING ACTIVITIES		
Proceeds from long term debt	0	443
Repayment of long term debt	(466)	(415)
Purchase of capital assets	(17,249)	(13,427)
Increase in long term investments	<u>(3,848)</u>	<u>(1,058)</u>
	<u>(21,563)</u>	<u>(14,457)</u>
 NET INCREASE (DECREASE) IN CASH FOR THE YEAR	188	(3,718)
 CASH POSITION - beginning of year	<u>18,653</u>	<u>22,371</u>
 CASH POSITION - end of year	<u>\$ 18,841</u>	<u>\$ 18,653</u>

The accompanying notes are an integral part of the financial statements

Trent University
Notes to the Financial Statements
April 30, 2006
(thousands of dollars)

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 expenses 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.

Trent University
Notes to the Financial Statements
April 30, 2006
(thousands of dollars)

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 tuition 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 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.

Trent University
Notes to the Financial Statements
April 30, 2006
(thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(f) Retirement Plans

The University maintains contributory defined benefit pension plans 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 benefit obligations are actuarially determined using the projected benefit method pro rated on service and discounted using current market interest rates. The obligations also reflect management's best estimate of salary escalation, retirement ages of employees and other actuarial factors. The cost of providing post-retirement benefits is reflected in the year of the employee's service rather than as paid. Unamortized actuarial losses in excess of 10% of the greater of accrued benefit obligations and fair value of plan assets at the beginning of the year are amortized over the average remaining service period of active employees.

(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 each 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 year. Actual results could differ from those estimates.

Trent University
Notes to the Financial Statements
April 30, 2006
(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 long term investments at April 30 were:

	2006		2005	
	Cost	Market	Cost	Market
Cash	\$ 479	\$ 479	\$ 538	\$ 538
Bonds	11,844	11,933	9,232	9,649
Equities	16,271	18,268	14,976	15,995
	<u>\$ 28,594</u>	<u>\$ 30,680</u>	<u>\$ 24,746</u>	<u>\$ 26,182</u>

Long term investments include investments of endowment funds \$25,422 (2005 - \$21,712) and of employee early retirement plans \$3,172 (2005 - \$3,034).

4. CAPITAL ASSETS

Capital assets and accumulated amortization consists of the following:

	2006			2005		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land and site improvements	\$ 7,562	\$ -	\$ 7,562	\$ 7,336	\$ -	\$ 7,336
Buildings	136,724	43,986	92,738	133,070	40,491	92,579
Equipment, software	34,923	20,405	14,518	38,900	24,854	14,046
Library books, serials	21,192	18,783	2,409	20,527	18,079	2,448
Construction in progress	10,824	-	10,824	1,120	-	1,120
	<u>\$ 211,225</u>	<u>\$ 83,174</u>	<u>\$ 128,051</u>	<u>\$ 200,953</u>	<u>\$ 83,424</u>	<u>\$ 117,529</u>

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

Trent University
Notes to the Financial Statements
April 30, 2006
(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:

	2006	2005
Externally restricted donations	\$ 4,414	\$ 3,832
Student fees	1,048	1,432
Federal and Provincial Government grants	9,900	8,035
Other	<u>741</u>	<u>1,058</u>
	<u>\$ 16,103</u>	<u>\$ 14,357</u>

6. LONG TERM DEBT

Long term debt consists of:

	2006	2005
Canada Mortgage and Housing Corporation debentures for the Residential Colleges	\$ 2,883	\$ 2,974
Physics Building extension	803	910
Bradburn House renovations	477	525
Gzowski College Residence	11,961	12,116
Faculty voluntary early retirement program	5,652	5,899
Future cost of post-retirement benefits	1,032	796
Other	<u>371</u>	<u>425</u>
	23,179	23,645
Amount due within one year shown as current liability	<u>1,057</u>	<u>1,034</u>
	<u>\$ 22,122</u>	<u>\$ 22,611</u>

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 payable in annual blended instalments of \$313.

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.

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6. LONG TERM DEBT (continued)

The loan regarding the Bradburn House is a 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%. Total principal and interest payments in 2006 were \$928 (2005 - \$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:

2006-2007	\$ 1,057
2007-2008	1,070
2008-2009	1,101
2009-2010	1,133
2010-2011	1,145

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:

	<u>2006</u>	<u>2005</u>
Balance - beginning of year	\$ 67,309	\$ 68,538
Add contributions received for capital acquisitions	6,063	2,565
Less amortization of deferred capital contributions	<u>(3,740)</u>	<u>(3,794)</u>
Balance - end of year	<u>\$ 69,632</u>	<u>\$ 67,309</u>

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8. DEFICIT

Details of the deficit are as follows:

	<u>2006</u>	<u>2005</u>
Deficit as per Statement 1	\$ (9,319)	\$ (9,909)
Deduct: Expenditure of future costs of Faculty voluntary early retirement plan which will be covered by revenues in future years	2,695	3,024
Expenditure of accrued staff vacation pay which will be covered by revenues in future years	<u>1,287</u>	<u>1,195</u>
Balance of deficit for general University operations	<u>\$ (5,337)</u>	<u>\$ (5,690)</u>

9. INTERNALLY RESTRICTED NET ASSETS

Details of internally restricted net assets are as follows:

	<u>2006</u>	<u>2005</u>
Internally restricted research and trust	\$ 571	\$ 238
Funds committed for specific purposes	<u>11,812</u>	<u>11,324</u>
	<u>\$ 12,383</u>	<u>\$ 11,562</u>

10. INVESTMENT IN CAPITAL ASSETS

The investment in capital assets consists of the following:

	<u>2006</u>	<u>2005</u>
Capital assets (note 4)	\$ 128,051	\$ 117,529
Less amounts financed by long term debt:		
Long term debt pertaining to capital assets	(16,496)	(16,972)
Deferred capital contributions (note 7)	(69,632)	(67,309)
Less amounts financed internally	<u>(14,022)</u>	<u>(9,485)</u>
	<u>\$ 27,901</u>	<u>\$ 23,763</u>

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11. ENDOWMENTS

Details of year end balances are as follows:

	2006		2005	
	Cost	Market	Cost	Market
Student assistance	\$ 15,034	\$ 18,108	\$ 12,963	\$ 15,214
General endowment	1,781	2,791	1,860	2,751
Library	1,117	1,724	1,096	1,621
Research	47	65	47	61
Colleges, departments, other	3,821	5,988	3,815	5,695
Reinvested realized earnings	<u>5,020</u>		<u>4,246</u>	
	<u>\$ 26,820</u>	<u>\$ 28,676</u>	<u>\$ 24,027</u>	<u>\$ 25,342</u>

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 an annual maximum distribution of 4% on the average four-year rolling unit value at December 31.

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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.

	2006	2005
Endowment balance including preservation of capital, beginning of year	\$ 7,098	\$ 7,144
Donations	1	1
Funds transferred from Expendable Trust Funds	0	96
Preservation of capital	<u>(116)</u>	<u>(143)</u>
Endowment balance, end of year	<u>\$ 6,983</u>	<u>\$ 7,098</u>
Expendable funds available for bursaries, beginning of year	\$ 321	\$ 373
Investment income	251	248
Transferred to Endowment Funds	0	(96)
Bursaries awarded	<u>(239)</u>	<u>(204)</u>
Expendable funds available for bursaries in subsequent years	<u>\$ 333</u>	<u>\$ 321</u>

In the 2006 fiscal year, 251 Ontario Student Opportunity Trust Fund bursaries were awarded to students who attended Trent University. The market value of the endowment as at April 30, 2006 was \$6,822 (2005 - \$6,495).

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12. RETIREMENT PLANS

The estimated accrued benefit obligations and plan assets available to provide these benefits were as follows:

	<u>Faculty</u>	<u>Non-faculty</u>
Fair value of plan assets	\$ 127,797	\$ 69,959
Accrued benefit obligations	<u>140,336</u>	<u>69,056</u>
Funded status - surplus (deficit)	(12,539)	903
Portion of deficit funded by member contributions	1,896	0
Valuation allowance	<u>0</u>	<u>(903)</u>
Unamortized actuarial loss	<u>\$ (10,643)</u>	<u>\$ 0</u>

The significant actuarial assumptions used in determining the accrued benefit obligations were as follows:

Discount rate	5.60%
Rate of compensation increase	4.00%
Rate of inflation	2.50%

The current year's charge to operations was \$4,142 (2005 - \$1,694) for all retirement plans.

The latest actuarial valuations for the registered pension plans were performed as of July 1, 2004. The next required actuarial valuations will be July 1, 2007. The University has a practice of performing annual valuations for accounting purposes for defined benefit plans. The University measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at April 30 each year.

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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, 2005, CURIE had a surplus of \$ 11,175 (2004 - \$5,995).

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, 2006 were \$3 (2005 - \$3).

15. 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, 2006, 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.

16. 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.